SCHEDULE A

AN ANNUAL BUDGET AND SUPPORTING DOCUMENTATION OF PORT ST JOHNS MUNICIPALITY

ANNUAL BUDGET OF

PORT ST JOHNS MUNICIPAIITY

2019/20 TO 2021/22

MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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Abbreviations and Acronyms

AMR	Automated Meter Reading
ASGISA	Accelerated and Shared Growth Initiative
BPC	Budget Planning Committee
CBD	Central Business District
CFO	Chief Financial Officer
MM	Municipal Manager
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DBSA	Development Bank of South Africa
DoRA	Division of Revenue Act
DWA	Department of Water Affairs
EE	Employment Equity
EEDSM	Energy Efficiency Demand Side Management
EM	Executive Mayor
FBS	Free basic services
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross domestic product
GDS	Gauteng Growth and Development Strategy
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
HSRC	Human Science Research Council
IDP	Integrated Development Strategy
IT	Information Technology
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt
ℓ	litre
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act Programme
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
OP	Operational Plan
PBO	Public Benefit Organisations
PHC	Provincial Health Care
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
PTIS	Public Transport Infrastructure System
RG	Restructuring Grant
RSC	Regional Services Council
SALGA	South African Local Government Association
SAPS	South African Police Service
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises

Part 1 – Final Annual Budget

1.1 Mayor's Report

Port St Johns Municipality has a constitutional mandate to deliver services to communities. The IDP (Integrated Development Plan) illustrates integrated strategic planning of the municipality for the 5 years. The IDP review relates to assessing the Municipality's performance against organizational objectives as well as implementation, delivery and taking into consideration new information and changed circumstances. Furthermore the IDP review is looked at in the light of changing internal and external circumstances that impact on the priority issues, objectives, strategies, projects and programmes of the IDP.

The annual revision of the IDP must inform the Municipality's financial and institutional planning and most importantly, the compilation of the annual budget. Section 21 requires the Mayor of a municipality to-coordinate the process for preparing the annual budget, review the municipal integrated development plan and budget related policies. The Mayor ensures that the tabled budget and any revisions of the integrated development plan are mutually consistent and credible. The IDP process in the Municipality should encourage participation of key stakeholders in the different stages of the planning process. In order to allow stakeholders to provide value added inputs to own and commit to the process some underlying factors behind the notion of participation are envisaged.

Formulating this Medium Term Revenue and Expenditure Framework required a team effort, and it is for this purpose that the 2019/20- 2021/22 IDP and Budget have been prepared and are hereby tabled before Council. The plan serves to strengthen the working partnerships between the Council, and administrative leadership of the municipality, so that together we can tackle the formulation of an IDP and MTREF Budget that embodies a three-year outlook, is reflective of Council's commitment to its social and economic goals, and is the outcome of rigorous debate and analysis. The 2019/20 IDP and Budget ensure enhanced accountability in the use of public resources and improving service delivery to our communities. The Municipality recognises the legal prescriptions in as far as community consultation is concerned. In essence, the three processes necessitating synergised community consultation are the IDP process, the Budgeting process and the Performance Management implementation process. Community participation sessions were held with all Municipal wards. A cluster approach was utilized to ensure maximum participation of Councillors, Management and Port St Johns communities.
One of the main features of the IDP process is the involvement of community and stakeholder organisations in the process. Participation of affected and interested parties is very important to ensure that the IDP addresses the real issues that are experienced by the communities of Port St Johns Municipality. The local Newspaper and local Notice Boards and the recently opened Sajonisi Youth Radio station are used to inform stakeholders about the IDP review process and invited interested parties to participate in the representative forums within the Port St Johns Municipal area. Community participation through these forums formed an integral part of the IDP review process, and the finalization of the 2019/20- 2021/22 Medium Term Revenue and Expenditure Framework.

1.2 Council Resolutions

On 30 May 2019 the Port st Johns Local Municipality met in the Council Chambers of Port st Johns town Hall to consider the Final annual budget of the municipality for the financial year 2019/20. The Council approved and adopted the following resolutions:

1. The Council of Port st Johns Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

    1.1. The annual budget of the municipality for the financial year 2019/20 and the multi-year and single-year capital appropriations as set out in the following tables:
        1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18 on page 24;
        1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19 on page 26;
        1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21 on page 28; and
        1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 22 on page 30.

    1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
        1.2.1. Budgeted Financial Position as contained in Table 23 on page 32;
        1.2.2. Budgeted Cash Flows as contained in Table 24 on page 34;
        1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 25 on page 34;
        1.2.4. Asset management as contained in Table 26 on page 36; and
        1.2.5. Basic service delivery measurement as contained in Table 27 on page 38.

2. The Council of Port st Johns Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2018:
    2.1. the tariffs for property rates – as set out in Annexure A,
    2.2. the tariffs for solid waste services – as set out in Annexure A

3. The Council of Port st Johns Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2019 the tariffs for other services.

4. To give proper effect to the municipality's Final annual budget, the Council of Port st Johns Local Municipality approves:
    4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Port st Johns financial plan is essential and critical to ensure that the Port st Johns remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Port st Johns business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The Port st Johns has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers such as enforcing our debt and credit control policy and currently we are in the process of developing Revenue enhancement strategy. Furthermore, the Port st Johns has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No.93 and 94 were used to guide the compilation of the 2019/20 MTREF.

The main challenges experienced during the compilation of the 2019/20 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Non approval of Rollover for 2018/19, had a negative impact on 2018/19 projects resulted to revision of business plans. Also it has affected 2019/20 reprioritization of projects.
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- Aging and poorly maintained infrastructure;
- Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Salary and Wage increases for municipal staff, as well as the need to fill critical vacancies;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2019/20 MTREF process; and
- Availability of affordable capital/borrowing.
- Municipality has used to use General valuation roll that was last updated in 2014/15 and as well as supplementary valuation roll.

The following budget principles and guidelines directly informed the compilation of the 2019/20 MTREF:

- The 2018/19 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2019/20 Final annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;

- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2018/19 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2019/20 MTREF

FINAL ANNUAL BUDGET 2019/20 - 2021/22 MEDIUM TERM REVENUE & EXPENDITURE FRAMEWORK				
	2018/19	2019/20	2020/21	2021/22
Total Revenue	265,429,005.21	275,716,825.48	270,229,902.06	266,582,520.76
Total Operating Expenditure	167,997,295.81	173,357,025.48	183,799,330.64	194,634,305.78
TOTAL CAPITAL EXPENDITURE	97,431,709.40	102,359,800.00	60,943,481.60	42,615,818.64
SURPLUS/(DEFICIT)	-	-	25,487,089.82	29,332,396.34

Total operating revenue has grown by 4 per cent or R10 million for the 2019/20 financial year when compared to the 2018/19 Adjustments Budget. For the two outer years, operational revenue has decrease by 2 per cent and 1 per cent respectively, equating to a total revenue decrease of R5 million and R3.6 million over the MTREF when compared to the 2019/20 and 2021/22 financial year.

Total operating expenditure for the 2019/20 financial year has been projected at R173 million and translates into a budgeted surplus of R0. When compared to the 2018/19 Adjustments Budget, operational expenditure has increase by 3 per cent in the 2019/20 budget and by 6 and 6 per cent for each of the respective outer years of the MTREF. The surplus for the two outer years increase from R25 million and R29 million.

The capital budget of R102 million for 2019/20 is 5 per cent more when compared to the 2018/19 Adjustment Budget. The increase is due to projects being financed by provincial government (office of the premier). The capital programme decrease to R60 million in the 2020/21 financial year and then evens out in 2021/22 to R42 million. A small portion of the capital budget will be funded from internal revenue over MTREF.

1.4 Operating Revenue Framework

For Port st Johns Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy will be built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the municipality.

The following table is a summary of the 2019/20 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

EC154 Port St Johns - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source											
Property rates	2	6,741	7,986	8,754	8,416	6,416	6,416	6,416	8,854	9,336	9,845
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	756	804	863	1,000	1,000	1,000	1,000	1,052	1,109	1,169
Rental of facilities and equipment		34	56	21	550	50	50	50	53	55	58
Interest earned - external investments		1,287	3,154	3,692	2,000	4,000	4,000	4,000	4,208	4,435	4,675
Interest earned - outstanding debtors		3,306	2,737	2,024	1,052	476	476	476	501	528	557
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		290	371	356	210	210	210	210	221	233	246
Licences and permits		45	60	47	100	70	70	70	74	78	82
Agency services		–	–	–					–	–	–
Transfers and subsidies		124,994	131,631	128,833	142,974	145,974	145,974	145,974	160,481	165,897	176,301
Other revenue	2	562	5,956	767	19,631	19,638	19,638	19,638	20,659	21,775	22,951
Gains on disposal of PPE		–	–	58	–	70	70	70	74	78	82
Total Revenue (excluding capital transfers and contributions)		138,016	152,756	145,413	175,933	177,905	177,905	177,905	196,176	203,524	215,965

Table 3 Percentage growth in revenue by main revenue source

Description			2019/20 Medium Term Revenue & Expenditure Framework					
R thousand	Adjusted Budget 2018/19	%	Budget Year 2019/20	%	Budget Year +1 2020/21	%	Budget Year +2 2021/22	%
Revenue By Source								
Property rates	6,416,000.00	4%	8,853,634.00	5%	9,336,152.00	5%	9,844,964.00	5%
Service charges - electricity revenue	-		-		-		-	
Service charges - water revenue	-		-		-		-	
Service charges - sanitation revenue	-		-		-		-	
Service charges - refuse revenue	1,000,000.00	1%	1,052,000.00	1%	1,108,808.00	1%	1,168,684.00	1%
Service charges - other								
Rental of facilities and equipment	50,000.00	0%	52,600.00	0%	55,440.00	0%	58,434.00	0%
Interest earned - external investments	4,000,000.00	2%	4,208,000.00	2%	4,435,232.00	2%	4,674,734.53	2%
Interest earned - outstanding debtors	476,333.00	0%	501,102.32	0%	528,161.84	0%	556,682.58	0%
Dividends received	-							
Fines, penalties and forfeits	210,400.00	0%	221,340.80	0%	233,293.20	0%	245,891.04	0%
Licences and permits	70,000.00	0%	73,640.00	0%	77,616.56	0%	81,807.85	0%
Agency services								
Transfers and subsidies	145,974,000.00	82%	160,480,999.00	82%	165,897,000.00	82%	176,301,001.00	82%
Other revenue	19,638,272.00	11%	20,659,463.00	11%	21,775,074.00	11%	22,950,926.00	11%
Gains on disposal of PPE	70,000.00	0%	73,640.00	0%	77,616.00		81,807.00	0%
Total Revenue (excluding capital transfers and contributions)	**177,905,005.00**	**100%**	**196,176,418.00**	**100%**	**203,524,395.00**	**100%**	**215,964,934.00**	**100%**

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the municipality. Rates and service charge revenues comprise one third of the total revenue mix. In the 2018/19 financial year, revenue from rates and services charges totaled to R6 million. This has increase to R8.8 million, R9.3 million and R9.8 in the respective financial years of the MTREF. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 MBRR SA1 (see page 86).

Property rates are the largest revenue source totaling to R8.8 million rand. The second largest sources is 'other revenue' which consists of various items such as income received from vat refunds, building plan fees, commission fees, grave site fees, claims received and tender fees. Municipality has reviewed the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R145 million in the 2018/19 financial year and steadily increases to R160 million by 2019/20. Note that the year-on-year growth for the 2018/19 financial year is 9 per cent and then flattens out to 3 and 6 per cent in the two outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

EC154 Port St Johns - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		123,866	120,614	128,027	139,474	139,474	139,474	156,931	165,347	175,728
Local Government Equitable Share		120,534	117,662	125,772	135,729	135,729	135,729	153,034	162,480	172,861
Finance Management		1,380	1,825	962	1,970	1,970	1,970	2,435	2,867	2,867
EPWP Incentive		1,149	1,000	1,293	1,775	1,775	1,775	1,462		
Municipal Systems Improvement		803	127							
Other transfers/grants [insert description]										
Provincial Government:		100	300	105	3,500	6,500	6,500	3,550	550	573
Sport and Recreation		100	300	105	500	500	500	550	550	573
EPWP Incentive					3,000	3,000	3,000	3,000		
Eradication of Allien Plant						3,000	3,000			
District Municipality:		–	2,000	700	–	–	–	–	–	–
Municipal Support programmee			2,000	700						
Other grant providers:		–	1,010	5,181	23,775	23,775	23,775	33,780	21,071	–
Financial Management support(Local Government			1,010							
Small Town Revitalisation(Local Government)				5,181	23,775	23,775	23,775	33,780	21,071	
Total Operating Transfers and Grants	5	123,966	123,924	134,014	166,749	169,749	169,749	194,261	186,968	176,301
Capital Transfers and Grants										
National Government:		24,278	49,781	45,746	59,645	59,645	59,645	43,547	43,306	48,168
Municipal Infrastructure Grant (MIG)		24,278	36,781	27,746	33,705	33,705	33,705	34,345	36,116	38,664
Intergrated National Eletrification Programme			13,000	18,000	25,940	25,940	25,940	9,202	7,190	9,504
Provincial Government:		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]										
District Municipality:		–	–	–	–	–	–	–	–	–
Municipal Support programmee										
Other grant providers:		–	–	–	–	–	–	–	–	–
Financial Management s										
Total Capital Transfers and Grants	5	24,278	49,781	45,746	59,645	59,645	59,645	43,547	43,306	48,168
TOTAL RECEIPTS OF TRANSFERS & GRANTS		148,244	173,705	179,760	226,394	229,394	229,394	237,808	230,274	224,469

The municipality is expecting to receive the Operatinal grants of Equitable share R153 Million , Financial management grant R2 million , Expanded public works programmee R4 Million.

Also for capital grant expecting to receive Municipal infrastructure grant R34 Million, Small town revitalization R33 Million and Intergrated National Electrification programmee R9 Million from National government and Provincial government. Total for conditional and unconditional grants amount to R237 Million for 2019/20.

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

Tariffs have increased by 5.2% in the 2019/20 financial year and two outer years.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R25 000 reduction on the market value of a property will be granted in terms of the municipality's own Property Rates Policy;
- 35 per cent rebate will be granted on all residential properties (including state owned residential properties);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 per cent (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
    - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
    - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
    - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
    - The property must be categorized as residential.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2019/20 financial year based on a 5.2 per cent increase from 1 July 2019 is contained below:

Table 5 Comparison of proposed rates to levied for the 2019/20 financial year

DIFFERENT CATEGORY OF PROPERTIES	2018/2019 Tariff	2019/2020 Tariff	%
Per Rand on Valuation of all Residential Properties	0.007	0.007	5.2
Per Rand on Valuation of all Business Properties	0.013	0.014	5.2
Per Rand on Valuation of all Industrial Properties	0.014	0.015	5.2
Per Rand on Valuation of all Government Properties	0.013	0.014	5.2
Per Rand on Valuation of all vacant land (erven) according their zoning	0.014	0.015	5.2
Per Rand on Valuation of all Farms used for Agricultural purposes	0.014	0.015	5.2
Per Rand on Valuation of all Farms used for eco-tourism/converstion	0.014	0.015	5.2
Per Rand on Valuation of all Farms used for trading in/ hunting of game	0.014	0.015	5.2
Per Rand on Valuation of all Public Service Infrustracture	0.014	0.015	5.2
Per Rand on Valuation of all Public Benefif Organisations			
Per Rand on Valuation of all Multiple use Properties - Dorminant use shall be deemed for determination of rate/tariff			

1.4.2 Waste Removal and Impact of Tariff Increases

A 6 per cent increase in the waste removal tariff is proposed from 1 July 2019. Higher increases will not be viable in 2019/20 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 5.2 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2019:

Table 6 Comparison between current waste removal fees and increases

REFUSE REMOVAL (per month for one removal per week)	2018/2019 Tariff	2019/2020 Tariff	%
Domestic Consumers x1	100.99	106.24	5.2
SME'S Commercial Consumers x7	704.46	741.09	5.2
Large Commercial Consumers x7	1,408.15	1,481.37	5.2
Government/Hospitals//Hostels/Schools/Flats x5	502.95	529.10	5.2
Bed & Breakfast	201.15	211.61	5.2
Holiday resorts	402.32	423.24	5.2
Rubble per load	376.07	395.63	5.2
Garden Refuse Removal per load	225.63	237.36	5.2

The tariff is based on 85L Bin/bag 1per week

1.4.3 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Table 7 MBRR Table SA14 – Household bills

EC154 Port St Johns - Supporting Table SA14 Household bills

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
Rand/cent		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20 % incr.	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		6,741,055.00	7,986,122.00	8,754,396.00	8,416,000.00	6,416,000.00	6,416,000.00	##########	8,853,632.00	9,331,728.13	9,835,641.45
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal		755,693.00	804,399.00	862,744.00	1,000,000.00	1,000,000.00	1,000,000.00	##########	1,052,000.00	1,108,808.00	1,168,683.63
Other											
sub-total		7,496,748.00	8,790,521.00	9,617,140.00	9,416,000.00	7,416,000.00	7,416,000.00	5.2%	9,905,632.00	##########	##########
VAT on Services											
Total large household bill:		7,496,748.00	8,790,521.00	9,617,140.00	9,416,000.00	7,416,000.00	7,416,000.00	5.2%	9,905,632.00	##########	##########

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2019/20 budget and MTREF is informed by the following:

- The asset management policy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset management policy;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made.
- Application of circular 82 Cost containment measures

The following table is a high level summary of the 2019/20 budget and MTREF (classified per main type of operating expenditure):

Table 8 Summary of operating expenditure by standard classification item

EC154 Port St Johns - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Expenditure By Type											
Employee related costs	2	50,266	59,208	71,289	71,166	71,166	71,166	71,166	80,300	85,519	91,078
Remuneration of councillors		11,354	11,533	14,266	13,297	14,129	14,129	14,129	11,504	12,251	13,048
Debt impairment	3	1,920	3,067	7,205	6,312	6,312	6,312	6,312	6,640	6,986	7,349
Depreciation & asset impairment	2	27,637	26,357	31,302	41,712	42,910	42,910	42,910	43,881	46,163	48,563
Finance charges		1,647	1,503	981	368	368	368	368	382	402	423
Bulk purchases	2	–	–	–	–	–	–	–	–	–	–
Other materials	8	2,160	3,373	3,808	8,469	11,469	11,469	11,469	90	95	100
Contracted services		14,039	10,031	5,548	12,790	10,101	10,101	10,101	7,849	8,257	8,703
Transfers and subsidies		–	–	–	8,469	11,469	11,469	11,469	8,909	9,372	9,878
Other expenditure	4, 5	32,794	37,937	46,910	53,447	48,107	48,107	48,107	64,223	67,903	71,404
Loss on disposal of PPE		17	1,118		–	–	–	–	–	–	–
Total Expenditure		141,835	154,128	181,309	216,031	216,031	216,031	216,031	223,778	236,947	250,546
Surplus/(Deficit)		(3,819)	(1,372)	(35,896)	(40,097)	(38,126)	(38,126)	(38,126)	(27,602)	(33,423)	(34,581)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		24,278	49,781	50,927	83,420	83,420	83,420	83,420	77,327	64,377	48,168
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher	6	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		20,459	48,409	15,031	43,323	45,294	45,294	45,294	49,725	30,954	13,587
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		20,459	48,409	15,031	43,323	45,294	45,294	45,294	49,725	30,954	13,587
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		20,459	48,409	15,031	43,323	45,294	45,294	45,294	49,725	30,954	13,587
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		20,459	48,409	15,031	43,323	45,294	45,294	45,294	49,725	30,954	13,587

The budgeted allocation for employee related costs for the 2019/20 financial year totals R80 million, which equals 46 per cent of the total operating expenditure. There is significant increase on employee related costs due to that, municipality has developed a new organizational structure and costed the whole structure the Draft organizational structure will be adopted with Budget in May 2019. Based on the previous three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 6.5 per cent for the 2019/20 financial year. Currently we have received the next three year collective SALGBC agreement. An annual increase of 6.5 per cent has been included in the two outer years of the MTREF.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the municipality's budget. The budgeted allocation for Remuneration of councillors for the 2019/20 financial year totals R11 million.

The provision of debt impairment was determined based on an annual collection rate of 34 per cent and the Debt Write-off Policy of the municipality. For the 2019/20 financial year this amount equates to R6.6 million and escalates to R6.9 million by 2020/21. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with

rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R43 million for the 2019/20 financial and equates to 22 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

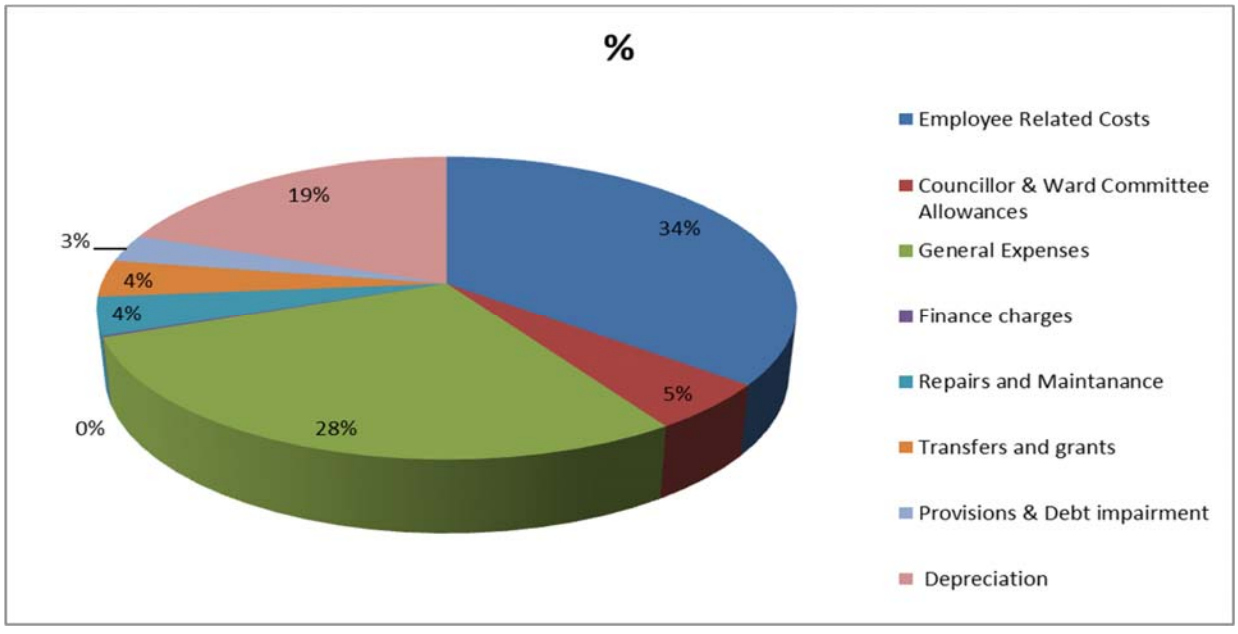
Finance charges consist primarily of the repayment of interest on bank charges and interest paid on overdue accounts (due to delay of submission of invoices by creditors). Finance charges amount to (R381, 876) of operating expenditure.

As part of the compilation of the 2019/20 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2019/20 financial year, this group of expenditure totals R7 Million and has decreased, clearly demonstrating the application of cost efficiencies. For the two outer years growth has been limited to 5.4 and 5.4 per cent. Further details relating to contracted services can be seen in Table 64 MBRR SA1 (see page 100).

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 5.2 per cent for 2019/20 and two outer years at 5.4%, indicating that significant cost savings have been already realised. Further details relating to contracted services can be seen in Table 64 MBRR SA1 (see page 86).

The following table gives a breakdown of the main expenditure categories for the 2019/20 financial year.

Figure 1 Main operational expenditure categories for the 2019/20 financial year



1.6 Priority given to repairs and maintenance

In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 9 Operational repairs and maintenance

Repairs and Maintenance	8										
Employee related costs											
Other materials											
Contracted Services											
Other Expenditure		2,160	3,373	3,808	5,841	3,588	3,588	3,588	9,174	9,670	10,192
Total Repairs and Maintenance Expenditure	9	2,160	3,373	3,808	5,841	3,588	3,588	3,588	9,174	9,670	10,192

During the compilation of the 2019/20 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the municipality's infrastructure and historic deferred maintenance. In terms of the Municipal Budget and Reporting Regulations, repairs and maintenance has a norm and must be 8% of property plant and equipment, however in our municipality we have a percentage of 2% and also in the 2019/20 was substantially increase in the 2020/21 financial year, from R9.6 million to R10 million.
The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 10 Repairs and maintenance per asset class

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Repairs and Maintenance by Asset Class	3	2,160	3,373	3,808	5,841	3,588	3,588	9,174	9,670	10,192
Roads Infrastructure		–	684	–	4,250	–	–	6,313	6,654	7,013
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	19	–	–	–	–	410	432	455
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		–	*704*	–	*4,250*	–	–	*6,723*	*7,086*	*7,469*
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		–	–	–	–	–	–	–	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		2,160	2,670	3,808	–	536	536	536	565	595
Housing		–	–	–	–	–	–	–	–	–
Other Assets		*2,160*	*2,670*	*3,808*	–	*536*	*536*	*536*	*565*	*595*
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	60	–	–	–	–	–
Machinery and Equipment		–	–	–	1,531	3,053	3,053	–	–	–
Transport Assets		–	–	–	–	–	–	1,916	2,019	2,129
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–

For the 2018/19 financial year, R6.7 million of total repairs and maintenance will be spent on infrastructure assets. Roads has received a significant proportion of this allocation totaling

(R535 thousand), followed by Transport assets (1.9 million), Electricity infrastructure (R410 Thousand) and buildings (R535 Thousand).

1.7 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Port st Johns Municipality's Indigent Policy. The target is to register 30 000 or more indigent households during the 2019/20 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 33.

The cost of the social package of the registered indigent households is financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.8 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 11 2019/20 Medium-term capital budget per vote

Vote Description	Current year		2019/20 Medium Term Revenue & Expenditure Framework					
R thousand	Adjusted Budget	%	Budget Year 2019/20	%	Budget Year +1 2020/21	%	Budget Year +2 2021/22	%
Capital Expenditure								
Governance and administration	2,114,858.00	2%	18,100,000.00	18%	1,104,600.00	2%	1,162,039.00	2%
Executive and council	1,631,525.00	2%	17,600,000.00	17%	578,600.00	1%	608,687.00	1%
Finance and administration	483,333.00	0%	500,000.00	0%	526,000.00	1%	553,352.00	1%
Internal audit								
Community and public safety	921,852.00	1%	2,470,800.00	2%	2,599,281.00	4%	2,734,446.00	5%
Community and social services	921,852.00	1%	2,470,800.00	2%	2,599,281.00	4%	2,734,446.00	5%
Sport and recreation								
Public safety								
Housing								
Health								
Economic and environmental services	94,395,000.00	97%	81,888,999.00	80%	64,482,300.00	95%	48,278,881.00	93%
Planning and development	50,000.00	0%	50,000.00	0.00	52,700.00	0%	55,546.00	0%
Road transport	94,345,000.00	97%	81,838,999.00	80%	64,429,600.00	94%	48,223,335.00	92%
Environmental protection								
Trading services								
Energy sources								
Water management								
Waste water management								
Waste management								
Other								
Total Capital Expenditure	**97,431,710.00**	**100%**	**102,459,799.00**	**100%**	**68,186,181.00**	**100%**	**52,175,366.00**	**100%**

For 2019/20 an amount of R81 million has been appropriated for the development of infrastructure which represents 80 per cent of the total capital budget. In the outer years this

amount totals R64 million, 94 per cent and R48 million, 92 per cent respectively for each of the financial years.

Total new assets represent 10 per cent or R 20 million of the total capital budget. Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR A9 (Asset Management) on page 31. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class. Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Cemetery Management System – R300 thousand;
- Parks, recreational facilities – R210 thousand;
- Pound development – R1.4 million;
- Outdoor Gymnasium – R300 thousand;
- Computers and accessories – R850 thousand

1.9 Future operational cost of new infrastructure

The future operational costs associated with the capital programme have been included in Table 61 MBRR SA35 on page 78.

1.10 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2019/20 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 12 MBRR Table A1 - Budget Summary

EC154 Port St Johns - Table A1 Budget Summary

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Financial Performance										
Property rates	6,741	7,986	8,754	8,416	6,416	6,416	6,416	8,854	9,336	9,845
Service charges	756	804	863	1,000	1,000	1,000	1,000	1,052	1,109	1,169
Investment revenue	1,287	3,154	3,692	2,000	4,000	4,000	4,000	4,208	4,435	4,675
Transfers recognised - operational	124,994	131,631	128,833	142,974	145,974	145,974	145,974	160,481	165,897	176,301
Other own revenue	4,238	9,180	3,271	21,543	20,515	20,515	20,515	21,582	22,747	23,976
Total Revenue (excluding capital transfers and contributions)	138,016	152,756	145,413	175,933	177,905	177,905	177,905	196,176	203,524	215,965
Employee costs	50,266	59,208	71,289	71,166	71,166	71,166	71,166	80,300	85,519	91,078
Remuneration of councillors	11,354	11,533	14,266	13,297	14,129	14,129	14,129	11,504	12,251	13,048
Depreciation & asset impairment	27,637	26,357	31,302	41,712	42,910	42,910	42,910	43,881	46,163	48,563
Finance charges	1,647	1,503	981	368	368	368	368	382	402	423
Materials and bulk purchases	2,160	3,373	3,808	8,469	11,469	11,469	11,469	90	95	100
Transfers and grants	–	–	–	8,469	11,469	11,469	11,469	8,909	9,372	9,878
Other expenditure	48,770	52,154	59,663	72,550	64,520	64,520	64,520	78,713	83,145	87,456
Total Expenditure	141,835	154,128	181,309	216,031	216,031	216,031	216,031	223,778	236,947	250,546
Surplus/(Deficit)	(3,819)	(1,372)	(35,896)	(40,097)	(38,126)	(38,126)	(38,126)	(27,602)	(33,423)	(34,581)
Transfers and subsidies - capital (monetary allocatio	24,278	49,781	50,927	83,420	83,420	83,420	83,420	77,327	64,377	48,168
Contributions recognised - capital & contributed asse	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	20,459	48,409	15,031	43,323	45,294	45,294	45,294	49,725	30,954	13,587
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	20,459	48,409	15,031	43,323	45,294	45,294	45,294	49,725	30,954	13,587
Capital expenditure & funds sources										
Capital expenditure	30,812	51,931	43,274	93,734	97,432	97,432	97,432	102,460	68,186	52,175
Transfers recognised - capital	28,248	45,081	37,778	86,420	88,195	88,195	88,195	77,327	64,377	48,168
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	2,564	6,850	5,496	7,314	9,237	9,237	9,237	25,133	3,809	4,007
Total sources of capital funds	30,812	51,931	43,274	93,734	97,432	97,432	97,432	102,460	68,186	52,175
Financial position										
Total current assets	49,118	60,943	71,595	140,046	140,046	140,046	140,046	71,821	78,926	84,641
Total non current assets	382,336	406,755	418,224	409,910	409,910	409,910	409,910	492,381	479,164	485,346
Total current liabilities	42,498	37,445	43,874	42,764	42,764	42,764	42,764	20,569	21,680	22,852
Total non current liabilities	8,919	9,359	10,020	9,468	9,468	9,468	9,468	9,927	10,463	11,028
Community wealth/Equity	380,037	420,894	435,925	497,724	497,724	497,724	497,724	533,706	525,947	536,108
Cash flows										
Net cash from (used) operating	80,029	84,448	18,508	91,346	94,418	94,418	94,418	47,026	42,012	47,344
Net cash from (used) investing	(19,865)	(51,469)	(49,281)	(83,420)	(83,420)	(83,420)	(83,420)	(95,683)	(61,043)	(44,646)
Net cash from (used) financing	–	–	–	–	–	–	–	–	–	–
Cash/cash equivalents at the year end	69,811	70,272	18,828	57,926	109,248	109,248	109,248	42,296	23,266	25,963
Cash backing/surplus reconciliation										
Cash and investments available	37,294	49,602	57,909	122,095	122,095	122,095	122,095	58,134	64,500	69,436
Application of cash and investments	1,833	19,988	25,024	10,529	10,213	10,213	10,213	15,728	16,578	17,474
Balance - surplus (shortfall)	35,460	29,614	32,885	111,566	111,882	111,882	111,882	42,406	47,922	51,962
Asset management										
Asset register summary (WDV)	382,336	406,755	418,224	495,609	495,609	495,609	495,609	351,782	352,802	371,846
Depreciation	27,637	26,357	31,302	41,712	41,490	41,490	41,490	43,881	46,163	48,563
Renewal and Upgrading of Existing Assets	–	–	–	–	–	–	–	–	–	–
Repairs and Maintenance	2,160	3,373	3,808	5,841	3,588	3,588	3,588	9,174	9,670	10,192
Free services										
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	–	–	–	2,104	4,104	4,104	2,213	2,213	2,329	2,450
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	2,000	3,500	3,500	5,000	5,230	5,230	6,000	6,000	6,324	6,665
Refuse:	–	–	–	–	–	–	–	–	–	–

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Port st Johns municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
    a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF if you exclude non cash items.
    b. Capital expenditure is balanced by capital funding sources, of which
        i. Transfers recognised is reflected on the Financial Performance Budget;
        ii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. These places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2020/21, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs

Table 13 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

EC154 Port St Johns - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional										
Governance and administration		136,011	151,951	144,550	83,566	82,538	82,538	93,063	98,828	104,606
Executive and council		–	–	–	31,837	31,837	31,837	35,896	38,111	40,546
Finance and administration		136,011	151,951	144,550	51,729	50,701	50,701	57,168	60,717	64,060
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		100	–	–	12,313	12,313	12,313	13,850	14,668	15,591
Community and social services		100	–	–	12,313	12,313	12,313	13,850	14,668	15,591
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		25,427	49,781	50,927	162,474	165,474	165,474	165,538	153,296	142,768
Planning and development		–	–	–	8,849	11,849	11,849	9,977	10,593	11,270
Road transport		25,427	49,781	50,927	153,625	153,625	153,625	155,561	142,703	131,498
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		756	804	863	1,000	1,000	1,000	1,052	1,109	1,169
Energy sources		–	–	–	–	–	–	–	–	–
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		756	804	863	1,000	1,000	1,000	1,052	1,109	1,169
Other	4	–	–	–	–	–	–	–	–	–
Total Revenue - Functional	2	162,294	202,537	196,340	259,353	261,325	261,325	273,503	267,901	264,133
Expenditure - Functional										
Governance and administration		101,353	108,704	83,125	111,108	111,108	111,108	114,054	120,946	127,868
Executive and council		30,077	38,288	41,171	57,703	57,703	57,703	53,080	56,176	59,499
Finance and administration		71,276	70,415	41,954	53,406	53,406	53,406	60,974	64,769	68,369
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		11,162	23,008	25,980	25,458	25,458	25,458	33,947	36,092	38,353
Community and social services		11,162	23,008	25,980	25,458	25,458	25,458	33,947	36,092	38,353
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		29,319	22,416	72,204	79,465	79,465	79,465	75,777	79,910	84,325
Planning and development		15,615	10,109	23,216	18,430	18,430	18,430	15,559	16,414	17,341
Road transport		13,704	12,307	48,989	61,035	61,035	61,035	60,218	63,496	66,984
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		–	–	–	–	–	–	–	–	–
Energy sources		–	–	–	–	–	–	–	–	–
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		–	–	–	–	–	–	–	–	–
Other	4	–	–	–	–	–	–	–	–	–
Total Expenditure - Functional	3	141,835	154,128	181,309	216,031	216,031	216,031	223,778	236,947	250,546
Surplus/(Deficit) for the year		20,459	48,409	15,031	43,323	45,294	45,294	49,725	30,954	13,587

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms if each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Total Revenue on this table includes capital revenues (Transfers recognised – capital)
3. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Finance and administration.

Table 14 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

EC154 Port St Johns - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote	1									
Vote 1 - Executive and council		–	–	–	31,837	31,837	31,837	35,896	38,111	40,546
Vote 2 - Budget and treasury Office		134,983	151,951	144,550	45,690	43,564	43,564	49,203	52,270	55,085
Vote 3 - Community services		856	804	863	13,313	13,313	13,313	14,902	15,777	16,759
Vote 4 - Corporate services		1,028	–	–	6,039	7,137	7,137	7,965	8,447	8,975
Vote 5 - Planning and development		–	–	–	8,849	11,849	11,849	9,977	10,593	11,270
Vote 6 - Enginnering services		25,427	49,781	50,927	153,625	153,625	153,625	155,561	142,703	131,498
Vote 7 - 7(7)|7(7)		–	–	–	–	–	–	–	–	–
Vote 8 - 8(8)|8(8)		–	–	–	–	–	–	–	–	–
Vote 9 - 0		–	–	–	–	–	–	–	–	–
Vote 10 - 0		–	–	–	–	–	–	–	–	–
Vote 11 - 0		–	–	–	–	–	–	–	–	–
Vote 12 - 0		–	–	–	–	–	–	–	–	–
Vote 13 - 0		–	–	–	–	–	–	–	–	–
Vote 14 - 0		–	–	–	–	–	–	–	–	–
Vote 15 - 0		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	162,294	202,537	196,340	259,353	261,325	261,325	273,503	267,901	264,133
Expenditure by Vote *to be appropriated*	1									
Vote 1 - Executive and council		30,077	38,288	41,171	57,703	57,703	57,703	53,080	56,176	59,499
Vote 2 - Budget and treasury Office		55,282	57,721	27,794	37,932	37,932	37,932	40,722	43,304	45,602
Vote 3 - Community services		11,162	23,008	25,980	25,458	25,458	25,458	33,947	36,092	38,353
Vote 4 - Corporate services		15,995	12,694	14,160	15,473	15,473	15,473	20,252	21,466	22,767
Vote 5 - Planning and development		15,615	10,109	23,216	18,430	18,430	18,430	15,559	16,414	17,341
Vote 6 - Enginnering services		13,704	12,307	48,989	61,035	61,035	61,035	60,218	63,496	66,984
Vote 7 - 7(7)|7(7)		–	–	–	–	–	–	–	–	–
Vote 8 - 8(8)|8(8)		–	–	–	–	–	–	–	–	–
Vote 9 - 0		–	–	–	–	–	–	–	–	–
Vote 10 - 0		–	–	–	–	–	–	–	–	–
Vote 11 - 0		–	–	–	–	–	–	–	–	–
Vote 12 - 0		–	–	–	–	–	–	–	–	–
Vote 13 - 0		–	–	–	–	–	–	–	–	–
Vote 14 - 0		–	–	–	–	–	–	–	–	–
Vote 15 - 0		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	141,835	154,128	181,309	216,031	216,031	216,031	223,778	236,947	250,546
Surplus/(Deficit) for the year	2	20,459	48,409	15,031	43,323	45,294	45,294	49,725	30,954	13,587

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

EC154 Port St Johns - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote	1									
Vote 1 - Executive and council		–	–	–	31,837	31,837	31,837	35,896	38,111	40,546
Vote 2 - Budget and treasury Office		134,983	151,951	144,550	45,690	43,564	43,564	49,203	52,270	55,085
Vote 3 - Community services		856	804	863	13,313	13,313	13,313	14,902	15,777	16,759
Vote 4 - Corporate services		1,028	–	–	6,039	7,137	7,137	7,965	8,447	8,975
Vote 5 - Planning and development		–	–	–	8,849	11,849	11,849	9,977	10,593	11,270
Vote 6 - Enginnering services		25,427	49,781	50,927	153,625	153,625	153,625	155,561	142,703	131,498
Vote 7 - 7(7)|7(7)		–	–	–	–	–	–	–	–	–
Vote 8 - 8(8)|8(8)		–	–	–	–	–	–	–	–	–
Vote 9 - 0		–	–	–	–	–	–	–	–	–
Vote 10 - 0		–	–	–	–	–	–	–	–	–
Vote 11 - 0		–	–	–	–	–	–	–	–	–
Vote 12 - 0		–	–	–	–	–	–	–	–	–
Vote 13 - 0		–	–	–	–	–	–	–	–	–
Vote 14 - 0		–	–	–	–	–	–	–	–	–
Vote 15 - 0		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	162,294	202,537	196,340	259,353	261,325	261,325	273,503	267,901	264,133
Expenditure by Vote *to be appropriated*	1									
Vote 1 - Executive and council		30,077	38,288	41,171	57,703	57,703	57,703	53,080	56,176	59,499
Vote 2 - Budget and treasury Office		55,282	57,721	27,794	37,932	37,932	37,932	40,722	43,304	45,602
Vote 3 - Community services		11,162	23,008	25,980	25,458	25,458	25,458	33,947	36,092	38,353
Vote 4 - Corporate services		15,995	12,694	14,160	15,473	15,473	15,473	20,252	21,466	22,767
Vote 5 - Planning and development		15,615	10,109	23,216	18,430	18,430	18,430	15,559	16,414	17,341
Vote 6 - Enginnering services		13,704	12,307	48,989	61,035	61,035	61,035	60,218	63,496	66,984
Vote 7 - 7(7)|7(7)		–	–	–	–	–	–	–	–	–
Vote 8 - 8(8)|8(8)		–	–	–	–	–	–	–	–	–
Vote 9 - 0		–	–	–	–	–	–	–	–	–
Vote 10 - 0		–	–	–	–	–	–	–	–	–
Vote 11 - 0		–	–	–	–	–	–	–	–	–
Vote 12 - 0		–	–	–	–	–	–	–	–	–
Vote 13 - 0		–	–	–	–	–	–	–	–	–
Vote 14 - 0		–	–	–	–	–	–	–	–	–
Vote 15 - 0		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	141,835	154,128	181,309	216,031	216,031	216,031	223,778	236,947	250,546
Surplus/(Deficit) for the year	2	20,459	48,409	15,031	43,323	45,294	45,294	49,725	30,954	13,587

Table 15 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

EC154 Port St Johns - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source											
Property rates	2	6,741	7,986	8,754	8,416	6,416	6,416	6,416	8,854	9,336	9,845
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	756	804	863	1,000	1,000	1,000	1,000	1,052	1,109	1,169
Rental of facilities and equipment		34	56	21	550	50	50	50	53	55	58
Interest earned - external investments		1,287	3,154	3,692	2,000	4,000	4,000	4,000	4,208	4,435	4,675
Interest earned - outstanding debtors		3,306	2,737	2,024	1,052	476	476	476	501	528	557
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		290	371	356	210	210	210	210	221	233	246
Licences and permits		45	60	47	100	70	70	70	74	78	82
Agency services		–	–	–					–	–	–
Transfers and subsidies		124,994	131,631	128,833	142,974	145,974	145,974	145,974	160,481	165,897	176,301
Other revenue	2	562	5,956	767	19,631	19,638	19,638	19,638	20,659	21,775	22,951
Gains on disposal of PPE		–	–	58	–	70	70	70	74	78	82
Total Revenue (excluding capital transfers and contributions)		138,016	152,756	145,413	175,933	177,905	177,905	177,905	196,176	203,524	215,965
Expenditure By Type											
Employee related costs	2	50,266	59,208	71,289	71,166	71,166	71,166	71,166	80,300	85,519	91,078
Remuneration of councillors		11,354	11,533	14,266	13,297	14,129	14,129	14,129	11,504	12,251	13,048
Debt impairment	3	1,920	3,067	7,205	6,312	6,312	6,312	6,312	6,640	6,986	7,349
Depreciation & asset impairment	2	27,637	26,357	31,302	41,712	42,910	42,910	42,910	43,881	46,163	48,563
Finance charges		1,647	1,503	981	368	368	368	368	382	402	423
Bulk purchases	2	–	–	–	–	–	–	–	–	–	–
Other materials	8	2,160	3,373	3,808	8,469	11,469	11,469	11,469	90	95	100
Contracted services		14,039	10,031	5,548	12,790	10,101	10,101	10,101	7,849	8,257	8,703
Transfers and subsidies		–	–	–	8,469	11,469	11,469	11,469	8,909	9,372	9,878
Other expenditure	4, 5	32,794	37,937	46,910	53,447	48,107	48,107	48,107	64,223	67,903	71,404
Loss on disposal of PPE		17	1,118		–	–	–	–	–	–	–
Total Expenditure		141,835	154,128	181,309	216,031	216,031	216,031	216,031	223,778	236,947	250,546
Surplus/(Deficit)		(3,819)	(1,372)	(35,896)	(40,097)	(38,126)	(38,126)	(38,126)	(27,602)	(33,423)	(34,581)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		24,278	49,781	50,927	83,420	83,420	83,420	83,420	77,327	64,377	48,168
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher	6	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		20,459	48,409	15,031	43,323	45,294	45,294	45,294	49,725	30,954	13,587
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		20,459	48,409	15,031	43,323	45,294	45,294	45,294	49,725	30,954	13,587
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		20,459	48,409	15,031	43,323	45,294	45,294	45,294	49,725	30,954	13,587
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		20,459	48,409	15,031	43,323	45,294	45,294	45,294	49,725	30,954	13,587

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R196 million in 2019/20; escalates to R203 million by 2020/21and escalated to R215 Million. This represents a year-on-year increase of 5.2 per cent for the 2019/20 financial year and 5.4 per cent for the 2020/21 financial year. Including grants received from National and Provincial government.
2. Revenue to be generated from property rates is R8 million in the 2019/20 financial year and increases to R9 million by 2020/21 which represents 5 per cent of the operating revenue base of the municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 5.2 per cent, for each of the respective financial years of the MTREF.
3. Services charges relating to refuse removal constitutes the other component of the revenue basket of the municipality totaling R1 million for the 2019/20 financial year and increasing to R1.1 million by 2020/21. For the 2019/20 financial year services charges amount to 1 per cent of the total revenue base and grows by 1 per cent per annum over the medium-term.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government has increased slowly over the MTREF by 18 per cent and 19 per cent for the two outer years.

Figure 2 Expenditure by major type

5. Employee related costs, Contracted services, Debt impairment and Depreciation and asset management, Transfers and subsidies to the entity, other expenditure which includes (Consultants and professional fees, Legal fees , Repairs and maintenance) are the main cost drivers within the municipality

Table 16 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital Expenditure - Functional											
Governance and administration		1,856	1,469	2,595	1,718	2,115	2,115	2,115	18,100	1,105	1,162
Executive and council		1,252	1,010	1,459	1,568	1,632	1,632	1,632	17,600	579	609
Finance and administration		604	460	1,136	150	483	483	483	500	526	553
Internal audit		–	–	–	–	–	–	–	–	–	–
Community and public safety		218	1,546	740	2,422	922	922	922	2,471	2,599	2,734
Community and social services		218	1,546	740	2,422	922	922	922	2,471	2,599	2,734
Sport and recreation		–	–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–			–	–	–	–
Housing		–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–
Economic and environmental services		28,738	48,915	39,939	89,595	94,395	94,395	94,395	81,889	64,482	48,279
Planning and development		96	59	570	450	50	50	50	50	53	55
Road transport		28,642	48,856	39,369	89,145	94,345	94,345	94,345	81,839	64,430	48,223
Environmental protection		–	–	–	–	–	–	–	–	–	–
Trading services		–	–	–	–	–	–	–	–	–	–
Energy sources		–	–	–	–	–	–	–	–	–	–
Water management		–	–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–	–
Waste management		–	–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	3	30,812	51,931	43,274	93,734	97,432	97,432	97,432	102,460	68,186	52,175
Funded by:											
National Government		28,248	45,081	37,778	59,645	59,645	59,645	59,645	43,547	43,306	48,168
Provincial Government					26,775	28,550	28,550	28,550	33,780	21,071	–
District Municipality		–	–	–	–	–	–	–	–	–	–
Other transfers and grants		–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	4	28,248	45,081	37,778	86,420	88,195	88,195	88,195	77,327	64,377	48,168
Borrowing	6	–	–	–	–	–	–	–	–	–	–
Internally generated funds		2,564	6,850	5,496	7,314	9,237	9,237	9,237	25,133	3,809	4,007
Total Capital Funding	7	30,812	51,931	43,274	93,734	97,432	97,432	97,432	102,460	68,186	52,175

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Single-year capital expenditure has been appropriated at R81 million for the 2019/20 financial year and remains relatively constant over the MTREF at levels of R64 million and R48 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from capital and provincial grants and transfers, and internally generated funds from current year surpluses. For 2019/20, capital transfers totals R81 million (80 per cent) and escalates to R64 million by 2020/21 (94 per cent). Internally

generated funding totaling R20 million, R3.7 million and R3,9 million for each of the respective financial years of the MTREF.

Table 17 MBRR Table A6 - Budgeted Financial Position

EC154 Port St Johns - Table A6 Budgeted Financial Position

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
ASSETS											
Current assets											
Cash		2,954	5,361	2,004	85,275	85,275	85,275	85,275	58,134	64,500	69,436
Call investment deposits	1	34,340	44,241	55,905	36,820	36,820	36,820	36,820	–	–	–
Consumer debtors	1	729	1,061	820	1,319	1,319	1,319	1,319	7,101	7,484	7,888
Other debtors		9,637	9,130	11,279	15,006	15,006	15,006	15,006	4,998	5,268	5,552
Current portion of long-term receivables									–	–	–
Inventory	2	1,458	1,149	1,588	1,625	1,625	1,625	1,625	1,588	1,673	1,764
Total current assets		49,118	60,943	71,595	140,046	140,046	140,046	140,046	71,821	78,926	84,641
Non current assets											
Long-term receivables		–	–	–	–	–	–	–	–	–	–
Investments		–	–	–	–	–	–	–	–	–	–
Investment property		11,461	11,461	11,461	12,780	12,780	12,780	12,780	11,461	12,080	12,732
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	370,875	395,294	406,763	397,130	397,130	397,130	397,130	480,920	467,084	472,614
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		–	–	–	–	–	–	–	–	–	–
Other non-current assets		–	–	–	–	–	–	–	–	–	–
Total non current assets		382,336	406,755	418,224	409,910	409,910	409,910	409,910	492,381	479,164	485,346
TOTAL ASSETS		431,454	467,698	489,819	549,956	549,956	549,956	549,956	564,202	558,090	569,987
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	–	–	–	–	–	–	–	–	–
Borrowing	4	10,564	95	261	11,572	11,572	11,572	11,572	226	238	251
Consumer deposits		61	61	61	158	158	158	158	61	64	68
Trade and other payables	4	27,222	31,627	37,724	26,300	26,300	26,300	26,300	20,037	21,119	22,259
Provisions		4,651	5,662	5,828	4,734	4,734	4,734	4,734	245	259	273
Total current liabilities		42,498	37,445	43,874	42,764	42,764	42,764	42,764	20,569	21,680	22,852
Non current liabilities											
Borrowing		1,926	1,952	2,239	2,104	2,104	2,104	2,104	2,146	2,261	2,384
Provisions		6,993	7,408	7,781	7,364	7,364	7,364	7,364	7,781	8,201	8,644
Total non current liabilities		8,919	9,359	10,020	9,468	9,468	9,468	9,468	9,927	10,463	11,028
TOTAL LIABILITIES		51,417	46,804	53,894	52,232	52,232	52,232	52,232	30,496	32,143	33,879
NET ASSETS	5	380,037	420,894	435,925	497,724	497,724	497,724	497,724	533,706	525,947	536,108
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		380,037	420,894	435,925	497,724	497,724	497,724	497,724	533,706	525,947	536,108
Reserves	4	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	380,037	420,894	435,925	497,724	497,724	497,724	497,724	533,706	525,947	536,108

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes (SA3 which can be found on page 80) providing a detailed analysis of the major components of a number of items, including:
   - Call investments deposits;
   - Consumer debtors;
   - Property, plant and equipment;
   - Trade and other payables;
   - Provisions non current;
   - Changes in net assets; and
   - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 18 MBRR Table A7 - Budgeted Cash Flow Statement

EC154 Port St Johns - Table A7 Budgeted Cash Flows

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		5,113	5,876	2,934	8,416	6,416	6,416	6,416	3,763	3,966	4,180
Service charges		260	430	333	1,000	1,000	1,000	1,000	358	377	397
Other revenue		23,367	14,216	10,201	20,491	20,039	20,039	20,039	7,067	7,449	7,851
Government - operating	1	23,367	14,216	10,201	142,974	145,974	145,974	145,974	160,981	165,897	176,301
Government - capital	1	149,933	173,869	137,801	83,420	83,420	83,420	83,420	43,547	43,306	48,168
Interest		1,784	3,837	3,769	3,052	4,476	4,476	4,476	4,370	4,606	4,855
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		(123,795)	(127,991)	(138,188)	(159,170)	(155,070)	(155,070)	(155,070)	(163,769)	(173,814)	(184,107)
Finance charges		(1)	(5)	(196)	(368)	(368)	(368)	(368)	(382)	(402)	(423)
Transfers and Grants	1			(8,347)	(8,469)	(11,469)	(11,469)	(11,469)	(8,909)	(9,372)	(9,878)
NET CASH FROM/(USED) OPERATING ACTIVITIES		80,029	84,448	18,508	91,346	94,418	94,418	94,418	47,026	42,012	47,344
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		466							–	–	–
Decrease (Increase) in non-current debtors									6,777	7,143	7,529
Decrease (increase) other non-current receivables									–	–	–
Decrease (increase) in non-current investments									–	–	–
Payments											
Capital assets		(20,331)	(51,469)	(49,281)	(83,420)	(83,420)	(83,420)	(83,420)	(102,460)	(68,186)	(52,175)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(19,865)	(51,469)	(49,281)	(83,420)	(83,420)	(83,420)	(83,420)	(95,683)	(61,043)	(44,646)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–	–	–	–
Payments											
Repayment of borrowing		–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	–	–	–	–	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD		60,164	32,978	(30,774)	7,926	10,998	10,998	10,998	(48,657)	(19,031)	2,697
Cash/cash equivalents at the year begin:	2	9,647	37,294	49,602	50,000	98,250	98,250	98,250	90,953	42,296	23,266
Cash/cash equivalents at the year end:	2	69,811	70,272	18,828	57,926	109,248	109,248	109,248	42,296	23,266	25,963

Table 19 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

EC154 Port St Johns - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Cash and investments available											
Cash/cash equivalents at the year end	1	69,811	70,272	18,828	57,926	109,248	109,248	109,248	42,296	23,266	25,963
Other current investments > 90 days		(32,518)	(20,670)	39,080	64,169	12,847	12,847	12,847	15,838	41,235	43,474
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		37,294	49,602	57,909	122,095	122,095	122,095	122,095	58,134	64,500	69,436
Application of cash and investments											
Unspent conditional transfers		–	–	–	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–		–	–	–
Statutory requirements	2										
Other working capital requirements	3	1,833	19,988	25,024	10,529	10,213	10,213	10,213	15,728	16,578	17,474
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		1,833	19,988	25,024	10,529	10,213	10,213	10,213	15,728	16,578	17,474
Surplus(shortfall)		35,460	29,614	32,885	111,566	111,882	111,882	111,882	42,406	47,922	51,962

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the municipality has increased over the 2015/16 to 2017/18 period.
4. The approved 2018/19 MTREF provide for a further net increase in cash of R58 thousand for the 2019/20 financial year resulting in an overall projected positive cash position of R42 million at year end.
5. The 2019/20 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
6. Cash and cash equivalents totals R42 million as at the end of the 2019/20 financial year and Increase to R47 million by 2020/21.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2015/16 to 2017/18 the deficit deteriorated from R35 million to a surplus of R32 million.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2019/20 MTREF was funded because it shows a surplus of R126 million.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2019/20 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
8. As can be seen the budget has been modelled to progressively move from a surplus of R111 million in 2018/19 to a surplus of R42 million by 2019/20.

Table 20 MBRR Table A9 - Asset Management

EC154 Port St Johns - Table A9 Asset Management

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CAPITAL EXPENDITURE										
Total New Assets	1	30,812	51,931	43,274	93,734	97,432	97,432	102,460	68,186	52,175
Roads Infrastructure		28,248	45,081	22,025	36,705	36,705	36,705	34,345	36,116	38,664
Storm water Infrastructure		–	–	–	23,775	25,550	25,550	33,780	21,071	–
Electrical Infrastructure		–	–	15,753	25,940	25,940	25,940	9,202	7,190	9,504
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		*28,248*	*45,081*	*37,778*	*86,420*	*88,195*	*88,195*	*77,327*	*64,377*	*48,168*
Community Facilities		–	133	–	–	–	–	616	649	684
Sport and Recreation Facilities		–	–	–	–	–	–	1,853	1,953	2,058
Community Assets		–	*133*	–	–	–	–	*2,468*	*2,601*	*2,742*
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	17,050	–	–
Investment properties		–	–	–	–	–	–	*17,050*	–	–
Operational Buildings		2,564	6,717	5,496	1,900	58	58	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		*2,564*	*6,717*	*5,496*	*1,900*	*58*	*58*	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	273	–	–	700	738	778
Furniture and Office Equipment		–	–	–	305	944	944	103	108	114
Machinery and Equipment		–	–	–	4,837	8,235	8,235	4,812	362	374
Transport Assets		–	–	–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Capital Expenditure	4	30,812	51,931	43,274	93,734	97,432	97,432	102,460	68,186	52,175
Roads Infrastructure		28,248	45,081	22,025	36,705	36,705	36,705	34,345	36,116	38,664
Storm water Infrastructure		–	–	–	23,775	25,550	25,550	33,780	21,071	–
Electrical Infrastructure		–	–	15,753	25,940	25,940	25,940	9,202	7,190	9,504
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		*28,248*	*45,081*	*37,778*	*86,420*	*88,195*	*88,195*	*77,327*	*64,377*	*48,168*
Community Facilities		–	133	–	–	–	–	616	649	684
Sport and Recreation Facilities		–	–	–	–	–	–	1,853	1,953	2,058
Community Assets		–	*133*	–	–	–	–	*2,468*	*2,601*	*2,742*
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	17,050	–	–
Investment properties		–	–	–	–	–	–	*17,050*	–	–
Operational Buildings		2,564	6,717	5,496	1,900	58	58	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		*2,564*	*6,717*	*5,496*	*1,900*	*58*	*58*	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	273	–	–	700	738	778
Furniture and Office Equipment		–	–	–	305	944	944	103	108	114
Machinery and Equipment		–	–	–	4,837	8,235	8,235	4,812	362	374
Transport Assets		–	–	–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class		30,812	51,931	43,274	93,734	97,432	97,432	102,460	68,186	52,175

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The municipality does not meets both these recommendations due to availability of funds only 2% of repairs and maintenance we have managed provide.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF.

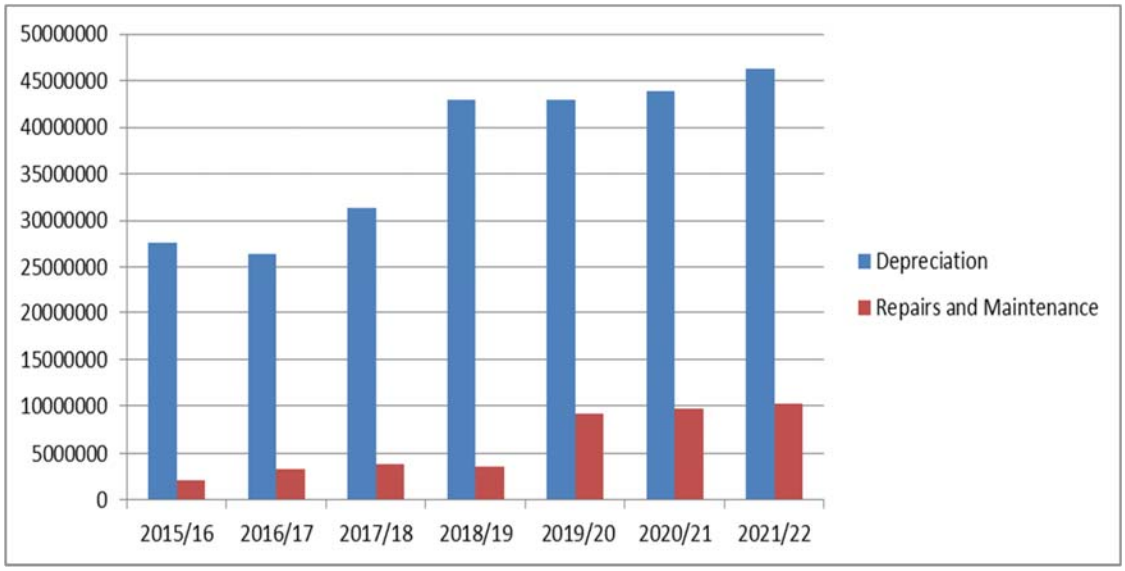


Figure 3 Depreciation in relation to repairs and maintenance over the MTREF

Table 21 MBRR Table A10 - Basic Service Delivery Measurement

EC154 Port St Johns - Table A10 Basic service delivery measurement

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Household service targets	1									
Water:										
Piped water inside dwelling		–	–	–	–	–	–	–	–	–
Piped water inside yard (but not in dwelling)		–	–	–	–	–	–	–	–	–
Using public tap (at least min.service level)	2	23,732	23,732	23,732	23,732	23,732	23,732	23,732	23,732	23,732
Other water supply (at least min.service level)	4	–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		23,732	23,732	23,732	23,732	23,732	23,732	23,732	23,732	23,732
Using public tap (< min.service level)	3	–	–	–	–	–	–	–	–	–
Other water supply (< min.service level)	4	–	–	–	–	–	–	–	–	–
No water supply		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	23,732	23,732	23,732	23,732	23,732	23,732	23,732	23,732	23,732
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Electricity (< min.service level)		2,000,000	3,500,000	3,500,000	3,000,000	3,000,000	3,000,000	4,500,000	4,743,000	4,999,122
Electricity - prepaid (< min. service level)		–	–	–	2,000,000	2,230,000	2,230,000	1,500,000	1,581,000	1,666,374
Other energy sources		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		2,000,000	3,500,000	3,500,000	5,000,000	5,230,000	5,230,000	6,000,000	6,324,000	6,665,496
Total number of households	5	2,000,000	3,500,000	3,500,000	5,000,000	5,230,000	5,230,000	6,000,000	6,324,000	6,665,496
Refuse:										
Removed at least once a week		425	425	425	425	425	425	425	425	425
Minimum Service Level and Above sub-total		425	425	425	425	425	425	425	425	425
Removed less frequently than once a week		–	–	–	–	–	–	–	–	–
Using communal refuse dump		–	–	–	–	–	–	–	–	–
Using own refuse dump		–	–	–	–	–	–	–	–	–
Other rubbish disposal		–	–	–	–	–	–	–	–	–
No rubbish disposal		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	425	425	425	425	425	425	425	425	425
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissable values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)		–	–	–	2,104	4,104	4,104	2,213	2,329	2,450
Water (in excess of 6 kilolitres per indigent household per month)		–	–	–	–	–	–	–	–	–
Sanitation (in excess of free sanitation service to indigent households)		–	–	–	–	–	–	–	–	–
Electricity/other energy (in excess of 50 kwh per indigent household per month)		–	–	–	–	–	–	–	–	–
Refuse (in excess of one removal a week for indigent households)		–	–	–	–	–	–	–	–	–
Municipal Housing - rental rebates										
Housing - top structure subsidies	6									
Other										
Total revenue cost of subsidised services provided		–	–	–	2,104	4,104	4,104	2,213	2,329	2,450

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The municipality continues to make good progress with the eradication of backlogs:

    a. Refuse services – backlog will be reduced by 425 households in 2019/20, and a further 425 households in the outer two years of the MTREF. However it should be noted that this function is being investigated with a view to realising greater efficiencies, which is likely to translate into a more rapid process to address backlogs.
    b. It should be noted that our municipality is surrounded by rural area, refuse is only collected in the Port st Johns Municipality town and surrounding areas.

3. The budget provides for 30 000 households to be registered as indigent in 2019/20, and therefore entitled to receiving Free Basic Services. The number is set to increase due to to that the municipality is in the process of reviewing their indigent register.
4. It is anticipated that these Free Basic Services will cost the municipality R6 million in 2019/20, increasing to R6.3 million in 2020/21. This is covered by the municipality's equitable share allocation from national government.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.2 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in 30 August 20118) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 30 August 2018. Key dates applicable to the process were:

- **August 2018** – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2018/19 MTREF;
- **November 2018** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **1 to 2 February 2019** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **February 2019** – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;
- **27 February 2019** - Council considers the 2018/19 Mid-year Review and Adjustments Budget;

- **February 2019** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2019/20 MTREF is revised accordingly;
- **29 March 2019** - Tabling in Council of the draft 2019/20 IDP and 2019/20 MTREF for public consultation;
- **April 2019** – Public consultation;
- **16 May 2019** - Closing date for written comments;
- **25 May 2019** – finalisation of the 2019/20 IDP and 2018/19 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **30 May 2019** - Tabling of the 2019/20 MTREF before Council for consideration and approval.

There were deviations from the key dates set out in the Budget Time Schedule tabled in Council and the revised IDP/ Budget process plan was submitted to council.

2.3 IDP and Service Delivery and Budget Implementation Plan

This is the first review of the IDP as adopted by Council in May 2018. It started in September 2018 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2019/20 MTREF in August.

The municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2019/20 MTREF, based on the approved 2018/19 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2019/20 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2018/19 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.4 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2018/19 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2018/19 MTREF:

- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation,household debt, migration patterns)
- Performance trends
- The approved 2017/18 adjustments budget and performance against the SDBIP
- Debtor payment levels
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51 and 54 has been taken into consideration in the planning and prioritisation process.

2.5 Community Consultation

The Final 2019/20 MTREF as tabled before Council on 29 March 2019 for community consultation was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries. In addition a further development of this year's consultation process included the launch of E-based consultation. E-mail notifications were sent to all organisations on the municipality's database, including ratepayer associations, community-based organisations and organised business.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilised to facilitate the community consultation process from 02 to 09 March 2018, and included four public briefing sessions. The applicable dates and venues were published in all the local newspapers and on average attendance of 50 was recorded per meeting. This is up on the previous year's process. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organised business and imbizo's were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2019/20 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

- Capital expenditure is not allocated to the areas in the same ratio as the income derived from those areas. This is a normal practice in a collective taxation environment. The

municipality is responsible for managing the equitable use of resources to ensure that constitutional imperative to progressively improve basic services in undeveloped areas is realized in a sustainable manner over a reasonable period of time;

- Several complaints were received regarding poor service delivery, especially waste removal backlogs and the state of road infrastructure;
- Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of road construction and maintenance were raised;
- Remuneration packages of council officials were criticized as being very high, relative their private sector counterparts within the municipality;
- The affordability of tariff increases, especially property rates, was raised on numerous occasions. This concern was also raised by organized business as an obstacle to economic growth;
- Pensioners cannot afford the tariff increases due to low annual pension increases however there is a rebate that the municipality is offering to the pensioners; and
- During the community consultation process large sections of the community made it clear that they are not in favour of any further tariff increases to fund additional budget requests. They indicated that the municipality must do more to ensure efficiencies and value for money.

2.6 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure the municipality's strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the nubicipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2018/19 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 22 IDP Strategic Objectives

2018/19 Financial Year		2019/20 MTREF	
1.1	To have an effective and compliant Spatial planning and land use management by June 2019	1.1	Effective and efficient implementation of spatial planning in a compliant manner
1.2	To create and sustain an Integrated, quality Human Settlements by June 2019	1.2	To promote the protection and enhancement of municipal environmental assets and natural resources
2.1	Ensure universal access to adequate, reliable and basic infrastructure for all by June 2019	2.1	Adequate provision and maintenance of basic infrastructure services
2.2	To enhance the state of Municipal Infrastructure by June 2020	2.2	Provision and maintenance of water and sanitation infrastructure services
2.3	To have an Improved and adequate provision of Social and community development Services by June 2019	2.3	Coordinate and facilitate economic infrastructure development through Public-Private Partnerships (PPP)
2.4	Facilitate provision of water services and reduction of sanitation backlog and provide decent sanitation by June 2019		
	Facilitate provision of water services and reduction of sanitation backlog and provide decent sanitation by June 2019		

2.5 To leverage public and private sector resources for economic infrastructure development by June 2019	
3.1 To Ensure effective revenue management by June 2019 3.2 To ensure effective expenditure management by June 2019 3.3 To ensure adherence to all Supply Chain and asset Management Prescripts by 2019 3.4 Ensure effective monitoring of compliance in relation to management of payroll, employee benefits and allowances by June 2020 3.5 To generate revenue through municipal facilities and properties by June 2019	3.1 Create sound financial management, Supply Chain and Asset Management environment
4.1 To promote and enhance development of productive sectors focusing on agriculture, tourism, ocean economy by June 2019 4.2 Increased economic activity by June 2019 4.3 Reduced unemployment by June 2019	4.1 Promote Local Economic development through agriculture, tourism and oceans economy. 4.2 Creation of sustainable job opportunities through internal and external partnerships.
5.1 To have a fully compliant municipality by June 2019 5.2 To promote a culture of participation, civic responsibility and good governance and active citizenry by June 2019 5.3 Promote knowledge and awareness both internal and external by June 2019 5.4 To ensure effective and efficient functioning of special programmes by June 2019	5.1 To promote sound leadership, good governance, public participation and enabling environment
6.1 Increased institutional capacity and transformation by June 2019 6.2 To promote sound and conducive labour relations in the workplace by June 2019 6.3 Optimized systems, procedures and processes by June 2019 6.4 Increased institutional and individual performance by June 2019	6.1 Capable, conscientious and accountable institutions an educated, empowered and innovative

In order to ensure integrated and focused service delivery between all spheres of government it was important for the municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Spatial planning:
    - Improved access to basic services.

2. Basic Service Delivery:
    - Improved access to basic services;

3. Financial Viability & management:
    - Improve Municipal Financial and Administrative Capability;

4. Local economic Development:
    - Implementation of Community works Programme and supported Cooperatives.

5. Good governance and Public Participation:
    - Deepen Democracy through a refines Ward Committee System

6. Municipal transformation and institutional development

    - Implement a differential approach to Municipal Financing, planning and support;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

The 2018/19 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 23 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

EC154 Port St Johns - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
To promote sound leadership, good governance, public participation and enabling environment						29,501	22,092	22,092	22,092	24,908	26,446	28,135
Create a conducive administrative environment and organizational development							9,745	9,745	9,745	10,987	11,666	12,411
Create sound financial management, Supply Chain and Asset Management environment				134,983	144,301	63,120	47,794	43,564	43,564	49,203	52,270	55,085
Rapid provision of social and community services				856	804	11,103	13,313	12,313	12,313	14,902	15,777	16,759
Creation of sustainable job opportunities through internal and external partnerships				1,028			6,039	7,137	7,137	7,965	8,447	8,975
Promote Local Economic development through agriculture, tourism and oceans economy					99	8,200	8,849	11,849	11,849	9,977	10,593	11,270
Adequate provision and maintenance of basic infrastructure services				25,427	49,781	122,470	153,625	153,625	153,625	155,561	142,703	131,498
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	162,294	194,985	234,394	261,457	260,325	260,325	273,503	267,901	264,133

Table 30 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

EC154 Port St Johns - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
To promote sound leadership, good governance, public participation and enabling environment				30,077	38,288	56,439	35,280	35,280	35,280	28,818	30,519	32,335
Create a conducive administrative environment and organizational development							22,423	22,423	22,423	24,262	25,658	27,163
Create sound financial management, Supply Chain and Asset Management environment				55,282	57,721	58,940	40,036	37,932	37,932	40,722	43,304	45,602
Rapid provision of social and community services				11,162	23,008	28,511	25,458	25,458	25,458	33,947	36,092	38,353
Creation of sustainable job opportunities through internal and external partnerships				15,995	12,694		15,473	15,473	15,473	20,252	21,466	22,767
Promote Local Economic development through agriculture, tourism and oceans economy				15,615	10,109	18,565	18,430	18,430	18,430	15,559	16,414	17,341
Adequate provision and maintenance of basic infrastructure services				13,704	12,307	110,452	61,035	61,035	61,035	60,218	63,496	66,984
Allocations to other priorities												
Total Expenditure			1	141,835	154,128	272,906	218,135	216,031	216,031	223,778	236,947	250,546

Table 24 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

EC154 Port St Johns - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
To promote sound leadership, good governance, public participation and enabling environment		A		1,252	1,010	2,070	420	1,632	1,632	17,600	579	609
Create a conducive administrative environment and organizational development		B					1,148	483	483			
Create sound financial management, Supply Chain and Asset Management environment		C		604	460	1,300	100			500	526	553
Rapid provision of social and community services		D		218	1,546	1,952	2,422	922	922	2,471	2,599	2,734
Creation of sustainable job opportunities through internal and external partnerships		E		343	262		50					
Promote Local Economic development through agriculture, tourism and oceans economy		F		96	59	900	450	50	50	50	53	55
Adequate provision and maintenance of basic infrastructure services		G		28,642	48,856	63,822	89,145	94,345	94,345	81,839	64,430	48,223
Allocations to other priorities			3									
Total Capital Expenditure			1	31,155	52,192	70,044	93,734	97,432	97,432	102,460	68,186	52,175

2.7 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

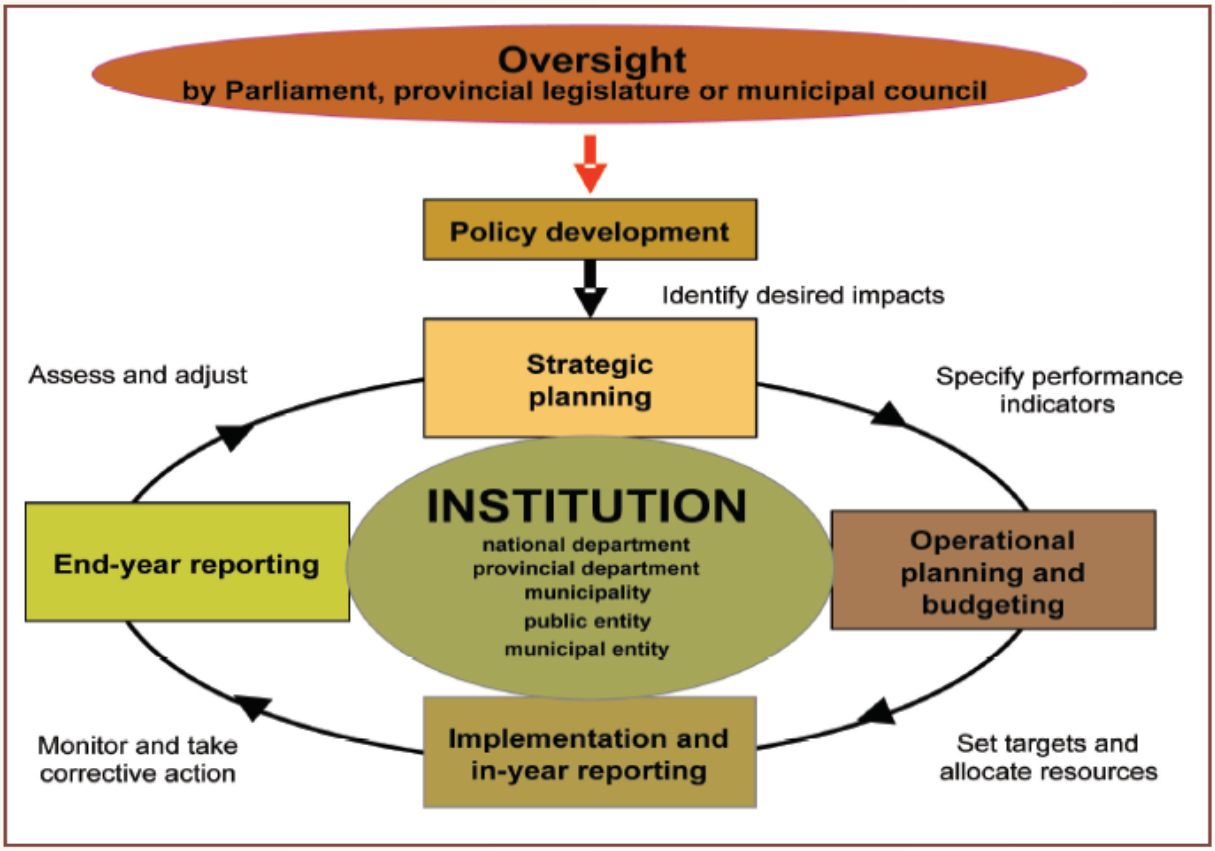


Figure 4 Planning, budgeting and reporting cycle

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

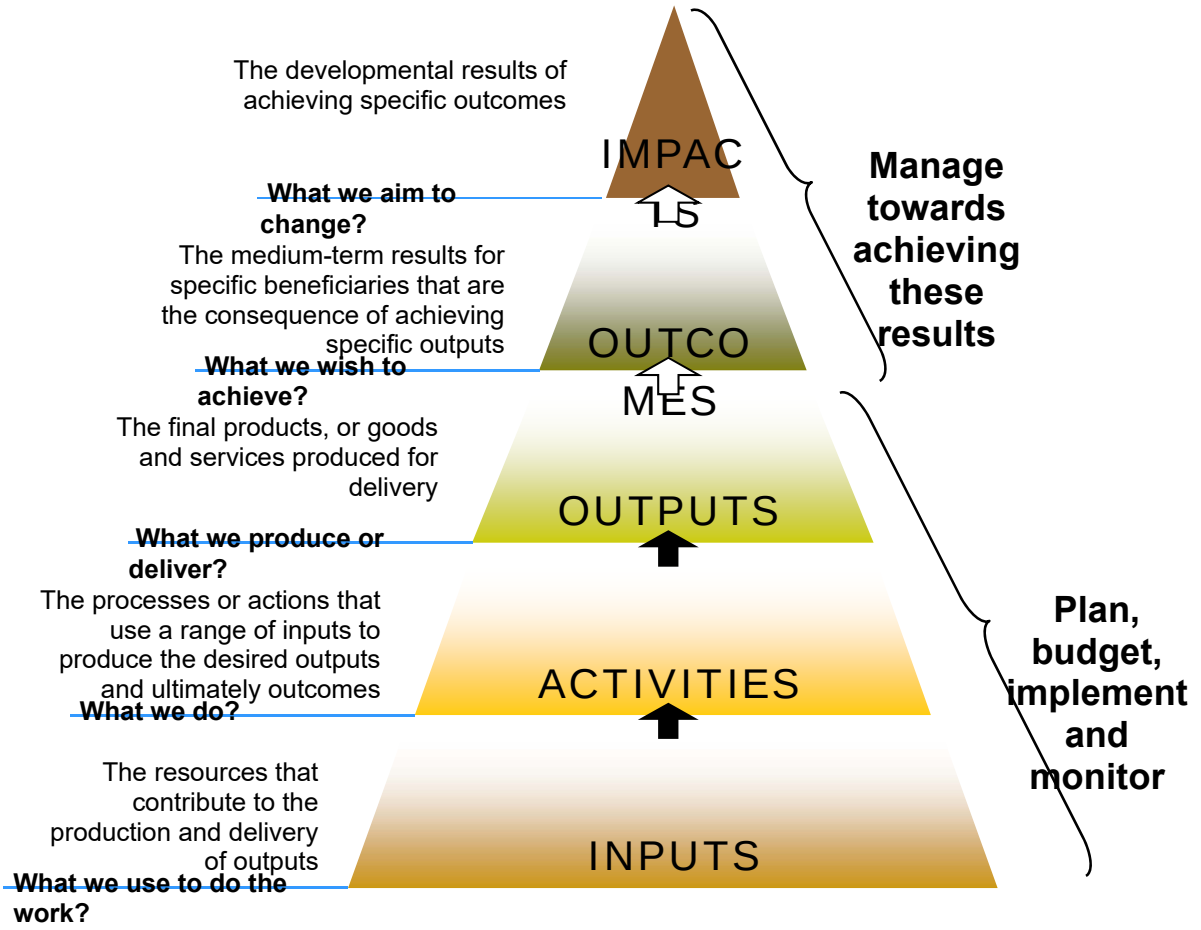

The developmental results of achieving specific outcomes
IMPACTS
What we aim to change?
The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs
OUTCOMES
What we wish to achieve?
The final products, or goods and services produced for delivery
OUTPUTS
What we produce or deliver?
The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes
ACTIVITIES
What we do?
The resources that contribute to the production and delivery of outputs
INPUTS
What we use to do the work?
Manage towards achieving these results
Plan, budget, implement and monitor

Figure 5 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 25 MBRR Table SA7 - Measurable performance objectives

EC154 Port St Johns - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Vote 1 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Vote 2 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Vote 3 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										

The following table sets out the municipalities main performance objectives and benchmarks for the 2019/20 MTREF.

Table 26 MBRR Table SA8 - Performance indicators and benchmarks

EC154 Port St Johns - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1.2%	1.0%	0.5%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	12.6%	7.1%	5.9%	1.1%	1.2%	1.2%	1.2%	1.1%	1.1%	1.1%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	1.2	1.6	1.6	3.3	3.3	3.3	3.3	3.5	3.6	3.7
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.2	1.6	1.6	3.3	3.3	3.3	3.3	3.5	3.6	3.7
Liquidity Ratio	Monetary Assets/Current Liabilities	0.9	1.3	1.3	2.9	2.9	2.9	2.9	2.8	3.0	3.0
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		71.7%	71.7%	34.0%	100.0%	100.0%	100.0%	100.0%	110.0%	110.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		71.7%	71.7%	34.0%	100.0%	100.0%	100.0%	100.0%	41.6%	41.6%	41.6%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	7.5%	6.7%	8.3%	9.3%	9.2%	9.2%	9.2%	6.2%	6.3%	6.2%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within`MFMA' s 65(e))										
Creditors to Cash and Investments		39.0%	45.0%	200.4%	45.4%	24.1%	24.1%	24.1%	47.4%	90.8%	85.7%
Employee costs	Employee costs/(Total Revenue - capital revenue)	36.4%	38.8%	49.0%	40.5%	40.0%	40.0%	40.0%	40.9%	42.0%	42.2%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	37.1%	44.4%	0.0%	50.3%	52.8%	52.8%		47.1%	48.4%	48.6%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	1.6%	2.2%	2.6%	3.3%	2.0%	2.0%		4.7%	4.8%	4.7%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	21.2%	18.2%	22.2%	23.9%	24.3%	24.3%	24.3%	22.6%	22.9%	22.7%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	3.4	5.6	5.4	7.4	7.4	7.4	7.3	7.7	7.8	8.2
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	137.7%	115.2%	125.5%	163.8%	218.7%	218.7%	218.7%	121.5%	121.4%	121.4%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	9.0	8.3	1.9	5.1	9.5	9.5	9.5	3.6	1.9	2.0

2.8 Performance indicators and benchmarks

2.9 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2019/20 MTREF the current ratio is 3.5 in the 2019/20 financial year and 3.6 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.

- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2019/20 financial year the ratio was 2.8 and as part of the financial planning strategy it has been increased to 3.0 in the 2019/20 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the municipality.

2.10 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection. Municipality has a debt collector assisting on revenue collection for debt over 90 days.

2.11 Creditors Management

- The municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the municipality, which is expected to benefit the municipality in the form of more competitive pricing of tenders, as suppliers compete for the municipality's business.

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2.12 Free Basic Services: basic social services package for indigent households

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Port st Johns Municipality's Indigent Policy. The target is to register 30 000 or more indigent households during the 2019/20 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 34.

The cost of the social package of the registered indigent households is financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

Overview of budget related-policies

The municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.13 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council in June 2018 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2019/20 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 34 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

2.14 Asset Management, and Funding and Reserves Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

2.14.1Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in 30 May 2019. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

2.15 Virement Policy

The Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the municipality's system of delegations. The Budget and Virement Policy was approved by Council in 30 May 2019.

2.16 Cash Management and Investment Policy

The municipality's Cash Management and Investment Policy was amended by Council in 30 May 2019. The aim of the policy is to ensure that the municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

2.17 Budget Policy

The Budget Policy has directly informed the compilation of the 2019/20 MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. The model and scenario planning outcomes are taken to Council every November and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Approved 2019/20 Adjustments Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

All the above policies are available on the municipality's website, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Indigent Policy;
- Long term financial planning Policy; and

2.18 Overview of budget assumptions

2.19 External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the municipality's finances.

2.20 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2018/19 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on municipality's residents and businesses;
- The impact of municipal cost drivers; and
- The increase in the cost of remuneration. Employee related costs comprise 51 per cent of total operating expenditure in the 2019/20 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

The rating definitions are:

2.21 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher that CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (34 per cent) of annual billings. Cash flow is assumed to be 34 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.22 Growth or decline in tax base of the municipality

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the

household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.23 Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2019 and shall remain in force until 30 June 2020. Municipality has used an salary increase of 6.5 per cent for the past three years' agreement, at the time of preparing Final budget 2019/20 the collective agreement for 2019/20 has not been issued yet .

2.24 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.25 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 87 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2019/20 MTREF of which performance has been factored into the cash flow budget.

2.26 Overview of budget funding

2.27 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 27 Breakdown of the operating revenue over the medium-term

EC154 Port St Johns - Table A4 Budgeted Financial Performance (revenue and expenditure)								
Description	Current year		2019/20 Medium Term Revenue & Expenditure Framework					
R thousand	Adjusted Budget	%	Budget Year 2018/19	%	Budget Year +1 2019/20	%	Budget Year +2 2020/21	%
Revenue By Source								
Property rates	6,416,000.00	4%	8,853,634.00	5%	9,336,152	5%	9,844,964.00	5%
Service charges - refuse revenue	1,000,000.00	1%	1,052,000.00	1%	1,108,808	1%	1,168,684.00	1%
Interest earned	7,416,000.00	4%	4,709,102.00	2%	4,963,394	2%	5,231,418.00	2%
Transfers and subsidies	145,974,000.00	81%	160,480,999.00	82%	165,897,000	82%	176,301,001.00	82%
Other revenue	20,038,672.00	11%	21,080,683.00	11%	22,219,041	11%	23,418,867.00	11%
Total Revenue (excluding capital transfers and contributions)	180,844,672	100%	196,176,418	100%	203,524,395	100%	215,964,934	100%

The following graph is a breakdown of the operational revenue per main category for the 2019/20 financial year.

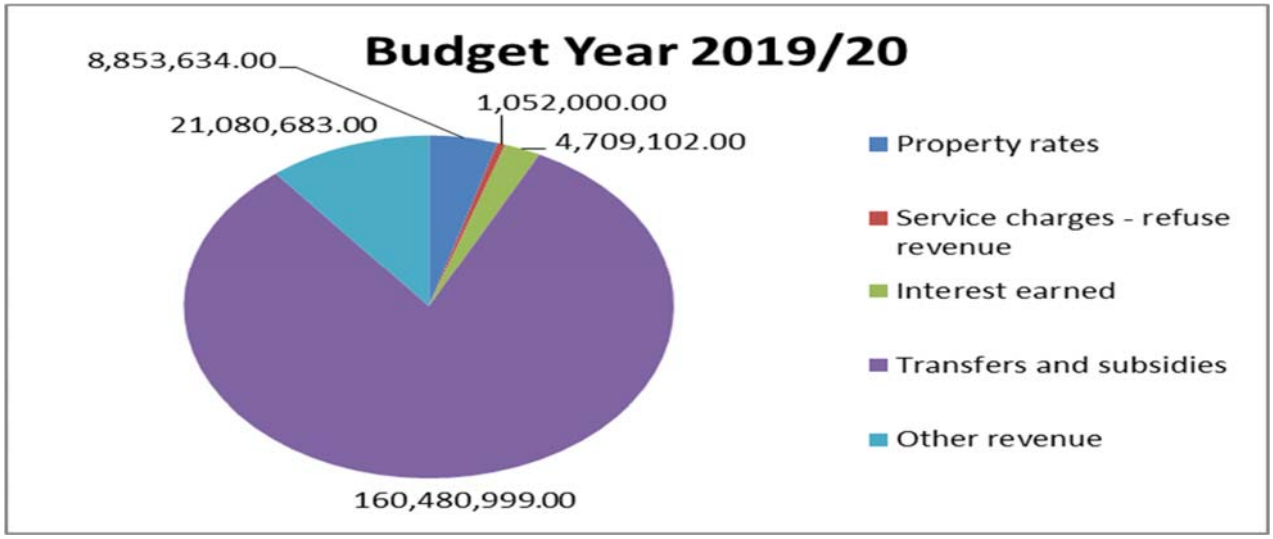

Figure 6 Breakdown of operating revenue over the 2019/20 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The municipality derives most of its operational revenue from the provision of goods and services such as solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and tender documents etc).

The revenue strategy is a function of key components such as:

- Growth in the city and economic development;
- Revenue management and enhancement;
- Achievement of a 35 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;

- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

2.28 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2019/20 medium-term capital programme:

Table 28 Sources of capital revenue over the MTREF

R thousand			2019/20 Medium Term Revenue & Expenditure Framework					
Funded by:	Adjusted Budget	%	Budget Year 2019/20	%	Budget Year +1 2020/21	%	Budget Year +2 2021/22	%
National Government	59,645,000.00	61%	40,336,750.00	35%	43,306,000.00	93%	48,168,000.00	93%
Provincial Government	28,550,000.00	29%	70,000,000.00	61%		0%		0%
District Municipality								
Other transfers and grants								
Transfers recognised - capital	88,195,000.00	91%	110,336,750.00	96%	43,306,000.00	93%	48,168,000.00	93%
Public contributions & donations								
Borrowing								
Internally generated funds	9,236,710.00	9%	4,732,800.00	4%	3,447,422.00	7%	3,633,585.00	7%
Total Capital Funding	97,431,710.00	100%	115,069,550.00	100%	46,753,422.00	100%	51,801,585.00	100%

The above table is graphically represented as follows for the 2019/20 financial year.

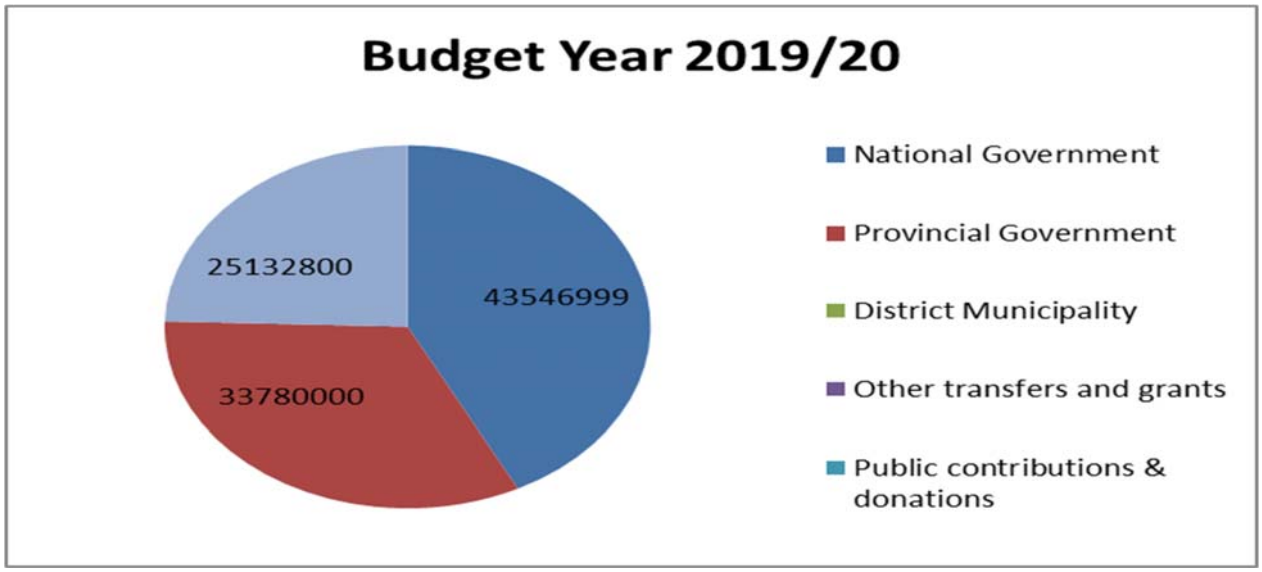

Figure 7 Sources of capital revenue for the 2019/20 financial year

Capital grants and receipts equates to 75 per cent of the total funding source which represents R77 Million for the 2019/20 financial year and steadily decrease to R64 Million by 2020/21 period.

Table 29 MBRR Table SA 18 - Capital transfers and grant receipts

EC154 Port St Johns - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		123,866	120,614	128,027	139,474	139,474	139,474	156,931	165,347	175,728
Local Government Equitable Share		120,534	117,662	125,772	135,729	135,729	135,729	153,034	162,480	172,861
Finance Management		1,380	1,825	962	1,970	1,970	1,970	2,435	2,867	2,867
EPWP Incentive		1,149	1,000	1,293	1,775	1,775	1,775	1,462		
Municipal Systems Improvement		803	127							
Other transfers/grants [insert description]										
Provincial Government:		100	300	105	3,500	6,500	6,500	3,550	550	573
Sport and Recreation		100	300	105	500	500	500	550	550	573
EPWP Incentive					3,000	3,000	3,000	3,000		
Eradication of Allien Plant						3,000	3,000			
District Municipality:		–	2,000	700	–	–	–	–	–	–
Municipal Support programmee			2,000	700						
Other grant providers:		–	1,010	5,181	23,775	23,775	23,775	33,780	21,071	–
Financial Management support(Local Government			1,010							
Small Town Revitalisation(Local Government)				5,181	23,775	23,775	23,775	33,780	21,071	
Total Operating Transfers and Grants	5	123,966	123,924	134,014	166,749	169,749	169,749	194,261	186,968	176,301
Capital Transfers and Grants										
National Government:		24,278	49,781	45,746	59,645	59,645	59,645	43,547	43,306	48,168
Municipal Infrastructure Grant (MIG)		24,278	36,781	27,746	33,705	33,705	33,705	34,345	36,116	38,664
Intergrated National Eletrification Programme			13,000	18,000	25,940	25,940	25,940	9,202	7,190	9,504
Provincial Government:		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]										
District Municipality:		–	–	–	–	–	–	–	–	–
Municipal Support programmee										
Other grant providers:		–	–	–	–	–	–	–	–	–
Financial Management s										
Total Capital Transfers and Grants	5	24,278	49,781	45,746	59,645	59,645	59,645	43,547	43,306	48,168
TOTAL RECEIPTS OF TRANSFERS & GRANTS		148,244	173,705	179,760	226,394	229,394	229,394	237,808	230,274	224,469

2.29 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- (debt).

Table 30 MBRR Table A7 - Budget cash flow statement

EC154 Port St Johns - Table A7 Budgeted Cash Flows

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		5,113	5,876	2,934	8,416	6,416	6,416	6,416	3,763	3,966	4,180
Service charges		260	430	333	1,000	1,000	1,000	1,000	358	377	397
Other revenue		23,367	14,216	10,201	20,491	20,039	20,039	20,039	7,067	7,449	7,851
Government - operating	1	23,367	14,216	10,201	142,974	145,974	145,974	145,974	160,981	165,897	176,301
Government - capital	1	149,933	173,869	137,801	83,420	83,420	83,420	83,420	43,547	43,306	48,168
Interest		1,784	3,837	3,769	3,052	4,476	4,476	4,476	4,370	4,606	4,855
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		(123,795)	(127,991)	(138,188)	(159,170)	(155,070)	(155,070)	(155,070)	(163,769)	(173,814)	(184,107)
Finance charges		(1)	(5)	(196)	(368)	(368)	(368)	(368)	(382)	(402)	(423)
Transfers and Grants	1			(8,347)	(8,469)	(11,469)	(11,469)	(11,469)	(8,909)	(9,372)	(9,878)
NET CASH FROM/(USED) OPERATING ACTIVITIES		80,029	84,448	18,508	91,346	94,418	94,418	94,418	47,026	42,012	47,344
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		466							–	–	–
Decrease (Increase) in non-current debtors									6,777	7,143	7,529
Decrease (increase) other non-current receivables									–	–	–
Decrease (increase) in non-current investments									–	–	–
Payments											
Capital assets		(20,331)	(51,469)	(49,281)	(83,420)	(83,420)	(83,420)	(83,420)	(102,460)	(68,186)	(52,175)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(19,865)	(51,469)	(49,281)	(83,420)	(83,420)	(83,420)	(83,420)	(95,683)	(61,043)	(44,646)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–	–	–	–
Payments											
Repayment of borrowing		–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	–	–	–	–	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD		60,164	32,978	(30,774)	7,926	10,998	10,998	10,998	(48,657)	(19,031)	2,697
Cash/cash equivalents at the year begin:	2	9,647	37,294	49,602	50,000	98,250	98,250	98,250	90,953	42,296	23,266
Cash/cash equivalents at the year end:	2	69,811	70,272	18,828	57,926	109,248	109,248	109,248	42,296	23,266	25,963

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the municipality has increased over the 2015/16 to 2017/18 period.
4. The approved 2018/19 MTREF provide for a further net decrease in cash of R90 thousand for the 2019/20 financial year resulting in an overall projected positive cash position of R42 million at year end.
5. The 2019/20 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
6. Cash and cash equivalents totals R42 million as at the end of the 2019/20 financial year and decrease to R23 million by 2020/21.

15.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

EC154 Port St Johns - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Cash and investments available											
Cash/cash equivalents at the year end	1	69,811	70,272	18,828	57,926	109,248	109,248	109,248	42,296	23,266	25,963
Other current investments > 90 days		(32,518)	(20,670)	39,080	64,169	12,847	12,847	12,847	15,838	41,235	43,474
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		37,294	49,602	57,909	122,095	122,095	122,095	122,095	58,134	64,500	69,436
Application of cash and investments											
Unspent conditional transfers		–	–	–	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–		–	–	–
Statutory requirements	2										
Other working capital requirements	3	1,833	19,988	25,024	10,529	10,213	10,213	10,213	15,728	16,578	17,474
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		1,833	19,988	25,024	10,529	10,213	10,213	10,213	15,728	16,578	17,474
Surplus(shortfall)		35,460	29,614	32,885	111,566	111,882	111,882	111,882	42,406	47,922	51,962

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
From the table it can be seen that for the period 2015/16 to 2017/18 the deficit deteriorated from R35 million to a surplus of R32 million.
Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2019/20 MTREF was funded because it shows a surplus of R126 million.

As part of the budgeting and planning guidelines that informed the compilation of the 2019/20 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
As can be seen the budget has been modelled to progressively move from a surplus of R111 million in 2018/19 to a surplus of R42 million by 2019/20.

15.6.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 31 MBRR SA10 – Funding compliance measurement

EC154 Port St Johns Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	69,811	70,272	18,828	57,926	109,248	109,248	109,248	42,296	23,266	25,963
Cash + investments at the yr end less applications - R'000	18(1)b	2	35,460	29,614	32,885	111,566	111,882	111,882	111,882	42,406	47,922	51,962
Cash year end/monthly employee/supplier payments	18(1)b	3	9.0	8.3	1.9	5.1	9.5	9.5	9.5	3.6	1.9	2.0
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	20,459	48,409	15,031	43,323	45,294	45,294	45,294	49,725	30,954	13,587
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	11.3%	3.4%	(8.1%)	(27.2%)	(6.0%)	(6.0%)	27.6%	(0.6%)	(0.6%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	244.9%	114.2%	105.0%	96.6%	98.5%	98.5%	98.5%	35.6%	35.6%	35.6%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	25.6%	34.9%	74.9%	67.0%	85.1%	85.1%	85.1%	67.0%	66.9%	66.7%
Capital payments % of capital expenditure	18(1)c;19	8	66.0%	99.1%	113.9%	89.0%	85.6%	85.6%	85.6%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	(1.7%)	18.7%	34.9%	0.0%	0.0%	0.0%	(25.9%)	5.4%	5.4%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.6%	0.9%	0.9%	1.5%	0.9%	0.9%	2.3%	1.9%	2.1%	2.2%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
High Level Outcome of Funding Compliance												
Total Operating Revenue			138,016	152,756	145,413	175,933	177,905	177,905	177,905	196,176	203,524	215,965
Total Operating Expenditure			141,835	154,128	181,309	216,031	216,031	216,031	216,031	223,778	236,947	250,546
Surplus/(Deficit) Budgeted Operating Statement			(3,819)	(1,372)	(35,896)	(40,097)	(38,126)	(38,126)	(38,126)	(27,602)	(33,423)	(34,581)
Surplus/(Deficit) Considering Reserves and Cash Backing			35,460	29,614	32,885	111,566	111,882	111,882	111,882	42,406	47,922	51,962
MTREF Funded (1) / Unfunded (0)		15	1	1	1	1	1	1	1	1	1	1
MTREF Funded ✓ / Unfunded ✗		15	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

2.30 Cash/cash equivalent position

The municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is positive, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2019/20 MTREF shows R42 million, R47 million and R51 million for each respective financial year.

2.31 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 30. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.32 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been falling significantly for the period 2015/16 to 2019/20, moving from 0.9 to (0.1) with the adopted 2019/20 MTREF. As part of the 2018/19 MTREF the municipalities improving cash position causes the ratio to move upwards to 1.0 and then reduces slightly to 0.9 for the outer years. As indicated above the municipality's aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

2.33 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2019/20 MTREF the indicative outcome is a surplus of R0, R-1and -R7.

2.34 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 15.8, 5.2 and 6.5 per cent for the respective financial year of the 2019/20 MTREF.

2.35 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 96.8, 96.8 and 96.8per cent for each of the respective financial years. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.36 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 89.4, 89.4 and 143.4. per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.37 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 71.4 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

2.38 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been be excluded. It can be seen that borrowing equates to 0, 0 and 0 per cent of own funded capital.

2.39 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The municipality has budgeted for all transfers.

2.40 Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both

measures show a relatively stable trend in line with the municipality's policy of settling debtors accounts within 30 days.

2.41 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the municipality's strategy pertaining to asset management and repairs and maintenance is contained in Table 60 MBRR SA34C on page 81.

2.42 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 MBRR SA34b on page 80.

2.43 Expenditure on grants and reconciliations of unspent funds

Table 32 MBRR SA19 - Expenditure on transfers and grant programmes

EC154 Port St Johns - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		123,866	120,614	128,027	139,474	139,474	139,474	156,931	165,347	175,728
Local Government Equitable Share		120,534	117,662	125,772	135,729	135,729	135,729	153,034	162,480	172,861
Finance Management		1,380	1,825	962	1,970	1,970	1,970	2,435	2,867	2,867
EPWP Incentive		1,149	1,000	1,293	1,775	1,775	1,775	1,462		
Municipal Systems Improvement		803	127							
Other transfers/grants [insert description]										
Provincial Government:		100	300	105	3,500	6,500	6,500	3,550	550	573
Sport and Recreation		100	300	105	500	500	500	550	550	573
EPWP Incentive					3,000	3,000	3,000	3,000		
Eradication of Allien Plant						3,000	3,000			
District Municipality:		–	2,000	700	–	–	–	–	–	–
Municipal Support programmee			2,000	700						
Other grant providers:		–	1,010	5,181	23,775	23,775	23,775	33,780	21,071	–
Financial Management support(Local Government			1,010							
Small Town Revitalisation(Local Government)				5,181	23,775	23,775	23,775	33,780	21,071	
Total operating expenditure of Transfers and Grants		123,966	123,924	134,014	166,749	169,749	169,749	194,261	186,968	176,301
Capital expenditure of Transfers and Grants										
National Government:		24,278	49,781	45,746	59,645	59,645	59,645	43,547	43,306	48,168
Municipal Infrastructure Grant (MIG)		24,278	36,781	27,746	33,705	33,705	33,705	34,345	36,116	38,664
Intergrated National Eletrification Programme			13,000	18,000	25,940	25,940	25,940	9,202	7,190	9,504
Provincial Government:		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]										
District Municipality:		–	–	–	–	–	–	–	–	–
Municipal Support programmee										
Other grant providers:		–	–	–	–	–	–	–	–	–
Financial Management s										
Total capital expenditure of Transfers and Grants		24,278	49,781	45,746	59,645	59,645	59,645	43,547	43,306	48,168
TOTAL EXPENDITURE OF TRANSFERS AND GRAN		148,244	173,705	179,760	226,394	229,394	229,394	237,808	230,274	224,469

Table 33 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

EC154 Port St Johns - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		–	–	–	–	–	–	–	–	–
Total operating transfers and grants - CTBM	2	–	–	–	–	–	–	–	–	–
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		–	–	–	–	–	–	–	–	–
Total capital transfers and grants - CTBM	2	–	–	–	–	–	–	–	–	–
TOTAL TRANSFERS AND GRANTS REVENUE		–	–	–	–	–	–	–	–	–
TOTAL TRANSFERS AND GRANTS - CTBM		–	–	–	–	–	–	–	–	–

2.44 Councillor and employee benefits

Table 34 MBRR SA22 - Summary of councillor and staff benefits

EC154 Port St Johns - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		1,544	1,652		12,863	11,009	11,009	10,013	10,714	11,464
Pension and UIF Contributions										
Medical Aid Contributions										
Motor Vehicle Allowance		2,574	2,754		2,725	343	343	1,452	1,553	1,662
Cellphone Allowance		510	546		1,710	1,114	1,114	39	42	45
Housing Allowances										
Other benefits and allowances										
Sub Total - Councillors		4,629	4,953	–	17,297	12,466	12,466	11,504	12,309	13,170
% increase	4		7.0%	(100.0%)	–	(27.9%)	–	(7.7%)	7.0%	7.0%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		4,968	5,316		9,635	9,635	9,635	5,045	5,398	5,776
Pension and UIF Contributions		275	294							
Medical Aid Contributions										
Overtime										
Performance Bonus					932					
Motor Vehicle Allowance	3	1,181	1,264		148	148	148	197	211	226
Cellphone Allowance	3				245	245	245			
Housing Allowances	3	99	106		30	30	30			
Other benefits and allowances	3	409	438		245	245	245	23	25	27
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		6,933	7,418	–	11,235	10,303	10,303	5,265	5,634	6,028
% increase	4		7.0%	(100.0%)	–	(8.3%)	–	(48.9%)	7.0%	7.0%
Other Municipal Staff										
Basic Salaries and Wages		23,032	42,752		44,038	52,579	52,579	41,958	44,726	47,857
Pension and UIF Contributions		6,458	5,651		9,311	9,856	9,856	15,872	16,748	17,490
Medical Aid Contributions		4,199	4,447		4,893	4,179	4,179	12,900	13,803	14,769
Overtime		3,356	684		571	571	571	688	736	787
Performance Bonus						1,497	1,497	4,059	4,343	4,647
Motor Vehicle Allowance	3	897				452	452	193	206	221
Cellphone Allowance	3				850	1,473	1,473	48	51	55
Housing Allowances	3	236			116	262	262			
Other benefits and allowances	3	239	1,958			249	249	3	3	4
Payments in lieu of leave		116								
Long service awards		1,057			152					
Post-retirement benefit obligations	6					49	49			
Sub Total - Other Municipal Staff		39,590	55,490	–	59,931	71,166	71,166	75,721	80,617	85,830
% increase	4		40.2%	(100.0%)	–	18.7%	–	6.4%	6.5%	6.5%
Total Parent Municipality		51,151	67,861	–	88,464	93,936	93,936	92,489	98,560	105,029
			32.7%	(100.0%)	–	6.2%	–	(1.5%)	6.6%	6.6%
TOTAL SALARY, ALLOWANCES & BENEFITS		51,151	67,861	–	88,464	93,936	93,936	92,489	98,560	105,029
% increase	4		32.7%	(100.0%)	–	6.2%	–	(1.5%)	6.6%	6.6%
TOTAL MANAGERS AND STAFF	5,7	46,523	62,909	–	71,166	81,470	81,470	80,986	86,251	91,858

Table 35 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

EC154 Port St Johns - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1. Rand per annum	Ref	No.	Salary	Contribution 1.	Allowances	Performance Bonuses	In-kind benefits	Total Package 2.
Councillors	3							
Speaker	4		526,306		179,865			706,171
Chief Whip			493,412		168,900			662,313
Executive Mayor			657,882		223,724			881,605
Deputy Executive Mayor								–
Executive Committee			3,538,033		846,082			4,384,115
Total for all other councillors			4,788,487		80,890			4,869,377
Total Councillors	8	–	10,004,120	–	1,499,461			11,503,581
Senior Managers of the Municipality	5							
Municipal Manager (MM)			921,764		196,332			1,118,096
Chief Finance Officer			819,884		4,632			824,516
Senior Manager Local Economic Development			819,884		4,632			824,516
Senior Manager Corporate services			819,884		4,632			824,516
Senior Manager Community services			819,884		4,632			824,516
Senior Mnager Engineering			819,884		4,632			824,516
List of each offical with packages >= senior manager								
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
Total Senior Managers of the Municipality	8,10	–	5,021,184	–	219,492	–		5,240,676

Table 36 MBRR SA24 – Summary of personnel numbers

EC154 Port St Johns - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2017/18			Current Year 2018/19			Budget Year 2019/20		
Number	1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		39		39	39		39	39	3	36
Board Members of municipal entities	4									
Municipal employees	5									
Municipal Manager and Senior Managers	3	6		6	6		6	6		6
Other Managers	7	15	5		15	10	5	15	15	
Professionals		*29*	*12*	*3*	*28*	*12*	*3*	*151*	*151*	–
Finance		26	9	3	26	10	3	23	23	
Spatial/town planning		1	1		1	1		1	1	
Information Technology		2	2		1	1		2	2	
Roads										
Electricity										
Water										
Sanitation										
Refuse								125	125	
Other										
Technicians		*30*	*24*	–	*28*	*22*	–	*117*	*117*	–
Finance		2	2							
Spatial/town planning										
Information Technology										
Roads		28	22		28	22		62	62	
Electricity										
Water										
Sanitation										
Refuse										
Other								55	55	
Clerks (Clerical and administrative)		102	58		102	58	12			
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades								9	9	
Plant and Machine Operators		34	29		34	29				
Elementary Occupations		89	74		89	74				
TOTAL PERSONNEL NUMBERS	9	344	202	48	341	205	65	337	295	42
% increase					(0.9%)	1.5%	35.4%	(1.2%)	43.9%	(35.4%)

2.45 Monthly targets for revenue, expenditure and cash flow

Table 37 MBRR SA25 - Budgeted monthly revenue and expenditure

EC154 Port St Johns - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source																
Property rates		738	738	738	738	738	738	738	738	738	738	738	741	8,854	9,336	9,845
Service charges - electricity revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue		88	88	88	88	88	88	88	88	88	88	88	88	1,052	1,109	1,169
Rental of facilities and equipment		4	4	4	4	4	4	4	4	4	4	4	4	53	55	58
Interest earned - external investments		175	175	175	175	175	175	175	175	175	175	175	2,280	4,208	4,435	4,675
Interest earned - outstanding debtors		42	42	42	42	42	42	42	42	42	42	42	42	501	528	557
Dividends received		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		18	18	18	18	18	18	18	18	18	18	18	19	221	233	246
Licences and permits		6	6	6	6	6	6	6	6	6	6	6	6	74	78	82
Agency services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		12,689	12,689	12,689	12,689	12,689	12,689	12,689	12,689	12,689	12,689	12,689	20,900	160,481	165,897	176,301
Other revenue		1,720	1,720	1,720	1,720	1,720	1,720	1,720	1,720	1,720	1,720	1,720	1,736	20,659	21,775	22,951
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	74	74	78	82
Total Revenue (excluding capital transfers and cont		15,481	15,481	15,481	15,481	15,481	15,481	15,481	15,481	15,481	15,481	15,481	25,890	196,176	203,524	215,965
Expenditure By Type																
Employee related costs		6,314	6,314	6,314	6,314	6,314	6,314	6,314	6,314	6,314	6,314	6,314	10,844	80,300	85,519	91,078
Remuneration of councillors		959	959	959	959	959	959	959	959	959	959	959	959	11,504	12,251	13,048
Debt impairment		553	553	553	553	553	553	553	553	553	553	553	556	6,640	6,986	7,349
Depreciation & asset impairment		3,655	3,655	3,655	3,655	3,655	3,655	3,655	3,655	3,655	3,655	3,655	3,673	43,881	46,163	48,563
Finance charges		32	32	32	32	32	32	32	32	32	32	32	27	382	402	423
Bulk purchases		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other materials		–	–	–	–	–	–	–	–	–	–	–	90	90	95	100
Contracted services		654	654	654	654	654	654	654	654	654	654	654	654	7,849	8,257	8,703
Transfers and subsidies		742	742	742	742	742	742	742	742	742	742	742	746	8,909	9,372	9,878
Other expenditure		5,390	5,390	5,390	5,390	5,390	5,390	5,390	5,390	5,390	5,390	5,390	4,931	64,223	67,903	71,404
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure		18,300	18,300	18,300	18,300	18,300	18,300	18,300	18,300	18,300	18,300	18,300	22,479	223,778	236,947	250,546
Surplus/(Deficit)		(2,819)	(2,819)	(2,819)	(2,819)	(2,819)	(2,819)	(2,819)	(2,819)	(2,819)	(2,819)	(2,819)	3,411	(27,602)	(33,423)	(34,581)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		6,741	6,741	6,741	6,741	6,741	6,741	6,741	6,741	6,741	6,741	6,741	3,175	77,327	64,377	48,168
Surplus/(Deficit) after capital transfers & contributions		3,922	3,922	3,922	3,922	3,922	3,922	3,922	3,922	3,922	3,922	3,922	6,586	49,725	30,954	13,587
Surplus/(Deficit)	1	3,922	3,922	3,922	3,922	3,922	3,922	3,922	3,922	3,922	3,922	3,922	6,586	49,725	30,954	13,587

Table 38 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

EC154 Port St Johns - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote																
Vote 1 - Executive and council		2,991	2,991	2,991	2,991	2,991	2,991	2,991	2,991	2,991	2,991	2,991	2,991	35,896	38,111	40,546
Vote 2 - Budget and treasury Office		4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	4,100	49,203	52,270	55,085
Vote 3 - Community services		1,242	1,242	1,242	1,242	1,242	1,242	1,242	1,242	1,242	1,242	1,242	1,242	14,902	15,777	16,759
Vote 4 - Corporate services		664	664	664	664	664	664	664	664	664	664	664	664	7,965	8,447	8,975
Vote 5 - Planning and development		831	831	831	831	831	831	831	831	831	831	831	831	9,977	10,593	11,270
Vote 6 - Enginnering services		12,963	12,963	12,963	12,963	12,963	12,963	12,963	12,963	12,963	12,963	12,963	12,963	155,561	142,703	131,498
Total Revenue by Vote		22,792	22,792	22,792	22,792	22,792	22,792	22,792	22,792	22,792	22,792	22,792	22,792	273,503	267,901	264,133
Expenditure by Vote to be appropriated																
Vote 1 - Executive and council		4,423	4,423	4,423	4,423	4,423	4,423	4,423	4,423	4,423	4,423	4,423	4,423	53,080	56,176	59,499
Vote 2 - Budget and treasury Office		3,393	3,393	3,393	3,393	3,393	3,393	3,393	3,393	3,393	3,393	3,393	3,393	40,722	43,304	45,602
Vote 3 - Community services		2,829	2,829	2,829	2,829	2,829	2,829	2,829	2,829	2,829	2,829	2,829	2,829	33,947	36,092	38,353
Vote 4 - Corporate services		1,688	1,688	1,688	1,688	1,688	1,688	1,688	1,688	1,688	1,688	1,688	1,688	20,252	21,466	22,767
Vote 5 - Planning and development		1,297	1,297	1,297	1,297	1,297	1,297	1,297	1,297	1,297	1,297	1,297	1,297	15,559	16,414	17,341
Vote 6 - Enginnering services		5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018	5,018	60,218	63,496	66,984
Total Expenditure by Vote		18,648	18,648	18,648	18,648	18,648	18,648	18,648	18,648	18,648	18,648	18,648	18,648	223,778	236,947	250,546
Surplus/(Deficit) before assoc.		4,144	4,144	4,144	4,144	4,144	4,144	4,144	4,144	4,144	4,144	4,144	4,144	49,725	30,954	13,587
Taxation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Attributable to minorities		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	4,144	4,144	4,144	4,144	4,144	4,144	4,144	4,144	4,144	4,144	4,144	4,144	49,725	30,954	13,587

Table 39 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

EC154 Port St Johns - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional																
Governance and administration		7,561	7,561	7,561	7,561	7,561	7,561	7,561	7,561	7,561	7,561	7,561	9,896	93,063	98,828	104,606
Executive and council		2,922	2,922	2,922	2,922	2,922	2,922	2,922	2,922	2,922	2,922	2,922	3,751	35,896	38,111	40,546
Finance and administration		4,638	4,638	4,638	4,638	4,638	4,638	4,638	4,638	4,638	4,638	4,638	6,145	57,168	60,717	64,060
Internal audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and public safety		1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,627	13,850	14,668	15,591
Community and social services		1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,627	13,850	14,668	15,591
Sport and recreation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services		13,559	13,559	13,559	13,559	13,559	13,559	13,559	13,559	13,559	13,559	13,559	16,389	165,538	153,296	142,768
Planning and development		812	812	812	812	812	812	812	812	812	812	812	1,043	9,977	10,593	11,270
Road transport		12,747	12,747	12,747	12,747	12,747	12,747	12,747	12,747	12,747	12,747	12,747	15,346	155,561	142,703	131,498
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services		88	88	88	88	88	88	88	88	88	88	88	88	1,052	1,109	1,169
Energy sources		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste management		88	88	88	88	88	88	88	88	88	88	88	88	1,052	1,109	1,169
Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue - Functional		22,318	22,318	22,318	22,318	22,318	22,318	22,318	22,318	22,318	22,318	22,318	28,000	273,503	267,901	264,133
Expenditure - Functional																
Governance and administration		9,105	9,105	9,105	9,105	9,105	9,105	9,105	9,105	9,105	9,105	9,105	13,903	114,054	120,946	127,868
Executive and council		4,423	4,423	4,423	4,423	4,423	4,423	4,423	4,423	4,423	4,423	4,423	4,423	53,080	56,176	59,499
Finance and administration		4,681	4,681	4,681	4,681	4,681	4,681	4,681	4,681	4,681	4,681	4,681	9,479	60,974	64,769	68,369
Internal audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and public safety		2,251	2,251	2,251	2,251	2,251	2,251	2,251	2,251	2,251	2,251	2,251	9,186	33,947	36,092	38,353
Community and social services		2,251	2,251	2,251	2,251	2,251	2,251	2,251	2,251	2,251	2,251	2,251	9,186	33,947	36,092	38,353
Economic and environmental services		6,670	6,670	6,670	6,670	6,670	6,670	6,670	6,670	6,670	6,670	6,670	2,411	75,777	79,910	84,325
Planning and development		1,297	1,297	1,297	1,297	1,297	1,297	1,297	1,297	1,297	1,297	1,297	1,297	15,559	16,414	17,341
Road transport		5,373	5,373	5,373	5,373	5,373	5,373	5,373	5,373	5,373	5,373	5,373	1,114	60,218	63,496	66,984
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure - Functional		18,025	18,025	18,025	18,025	18,025	18,025	18,025	18,025	18,025	18,025	18,025	25,499	223,778	236,947	250,546
Surplus/(Deficit) before assoc.		4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293	2,501	49,725	30,954	13,587
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293	4,293	2,501	49,725	30,954	13,587

Table 40 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

EC154 Port St Johns - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Multi-year expenditure *to be appropriated*	1															
Vote 1 - Executive and council		1,467	1,467	1,467	1,467	1,467	1,467	1,467	1,467	1,467	1,467	1,467	1,467	17,600	579	609
Vote 2 - Budget and treasury Office		42	42	42	42	42	42	42	42	42	42	42	42	500	526	553
Vote 3 - Community services		206	206	206	206	206	206	206	206	206	206	206	206	2,471	2,599	2,734
Vote 4 - Corporate services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 5 - Planning and development		4	4	4	4	4	4	4	4	4	4	4	4	50	53	55
Vote 6 - Enginnering services		6,820	6,820	6,820	6,820	6,820	6,820	6,820	6,820	6,820	6,820	6,820	6,820	81,839	64,430	48,223
Vote 7 - 7(7)|7(7)													–	–	–	–
Vote 8 - 8(8)|8(8)													–	–	–	–
Vote 9 - 0													–	–	–	–
Vote 10 - 0													–	–	–	–
Vote 11 - 0													–	–	–	–
Vote 12 - 0													–	–	–	–
Vote 13 - 0													–	–	–	–
Vote 14 - 0													–	–	–	–
Vote 15 - 0													–	–	–	–
Capital multi-year expenditure sub-total	2	8,538	8,538	8,538	8,538	8,538	8,538	8,538	8,538	8,538	8,538	8,538	8,538	102,460	68,186	52,175
Total Capital Expenditure	2	8,538	8,538	8,538	8,538	8,538	8,538	8,538	8,538	8,538	8,538	8,538	8,538	102,460	68,186	52,175

Table 41 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

EC154 Port St Johns - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital Expenditure - Functional	1															
Governance and administration		1,508	1,508	1,508	1,508	1,508	1,508	1,508	1,508	1,508	1,508	1,508	1,508	18,100	1,105	1,162
Executive and council		1,467	1,467	1,467	1,467	1,467	1,467	1,467	1,467	1,467	1,467	1,467	1,467	17,600	579	609
Finance and administration		42	42	42	42	42	42	42	42	42	42	42	42	500	526	553
Internal audit													–	–	–	–
Community and public safety		206	206	206	206	206	206	206	206	206	206	206	206	2,471	2,599	2,734
Community and social services		206	206	206	206	206	206	206	206	206	206	206	206	2,471	2,599	2,734
Economic and environmental services		6,824	6,824	6,824	6,824	6,824	6,824	6,824	6,824	6,824	6,824	6,824	6,824	81,889	64,482	48,279
Planning and development		4	4	4	4	4	4	4	4	4	4	4	4	50	53	55
Road transport		6,820	6,820	6,820	6,820	6,820	6,820	6,820	6,820	6,820	6,820	6,820	6,820	81,839	64,430	48,223
Environmental protection													–	–	–	–
Total Capital Expenditure - Functional	2	8,538	8,538	8,538	8,538	8,538	8,538	8,538	8,538	8,538	8,538	8,538	8,538	102,460	68,186	52,175
Funded by:																
National Government		3,629	3,629	3,629	3,629	3,629	3,629	3,629	3,629	3,629	3,629	3,629	3,629	43,547	43,306	48,168
Provincial Government		2,815	2,815	2,815	2,815	2,815	2,815	2,815	2,815	2,815	2,815	2,815	2,815	33,780	21,071	–
District Municipality													–	–	–	–
Other transfers and grants													–	–	–	–
Transfers recognised - capital		6,444	6,444	6,444	6,444	6,444	6,444	6,444	6,444	6,444	6,444	6,444	6,444	77,327	64,377	48,168
Borrowing													–	–	–	–
Internally generated funds		2,094	2,094	2,094	2,094	2,094	2,094	2,094	2,094	2,094	2,094	2,094	2,094	25,133	3,809	4,007
Total Capital Funding		8,538	8,538	8,538	8,538	8,538	8,538	8,538	8,538	8,538	8,538	8,538	8,538	102,460	68,186	52,175

Table 42 MBRR SA30 - Budgeted monthly cash flow

EC154 Port St Johns - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Cash Receipts By Source													1		
Property rates	314	314	314	314	314	314	314	314	314	314	314	314	3,763	3,966	4,180
Service charges - refuse revenue	30	30	30	30	30	30	30	30	30	30	30	30	358	377	397
Rental of facilities and equipment	1	1	1	1	1	1	1	1	1	1	1	1	18	19	20
Interest earned - external investments	13	13	13	13	13	13	13	13	13	13	13	13	162	171	180
Interest earned - outstanding debtors	351	351	351	351	351	351	351	351	351	351	351	351	4,208	4,435	4,675
Fines, penalties and forfeits	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Licences and permits	2	2	2	2	2	2	2	2	2	2	2	2	25	26	28
Agency services	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfer receipts - operational	13,415	13,415	13,415	13,415	13,415	13,415	13,415	13,415	13,415	13,415	13,415	13,415	160,981	165,897	176,301
Other revenue	585	585	585	585	585	585	585	585	585	585	585	585	7,024	7,404	7,803
Cash Receipts by Source	14,712	14,712	14,712	14,712	14,712	14,712	14,712	14,712	14,712	14,712	14,712	14,712	176,539	182,295	193,584
Other Cash Flows by Source															
Transfer receipts - capital	3,629	3,629	3,629	3,629	3,629	3,629	3,629	3,629	3,629	3,629	3,629	3,629	43,547	43,306	48,168
Decrease (Increase) in non-current debtors	565	565	565	565	565	565	565	565	565	565	565	565	6,777	7,143	7,529
Decrease (increase) other non-current receivable	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Cash Receipts by Source	18,905	18,905	18,905	18,905	18,905	18,905	18,905	18,905	18,905	18,905	18,905	18,905	226,863	232,744	249,281
Cash Payments by Type															
Employee related costs	6,314	6,314	6,314	6,314	6,314	6,314	6,314	6,314	6,314	6,314	6,314	10,844	80,300	85,519	91,078
Remuneration of councillors	959	959	959	959	959	959	959	959	959	959	959	959	11,504	12,251	13,048
Finance charges	32	32	32	32	32	32	32	32	32	32	32	27	382	402	423
Other materials	8	8	8	8	8	8	8	8	8	8	8	8	90	95	100
Contracted services	654	654	654	654	654	654	654	654	654	654	654	654	7,849	8,257	8,703
Transfers and grants - other municipalities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and grants - other	742	742	742	742	742	742	742	742	742	742	742	746	8,909	9,372	9,878
Other expenditure	5,390	5,390	5,390	5,390	5,390	5,390	5,390	5,390	5,390	5,390	5,390	4,734	64,026	67,692	71,178
Cash Payments by Type	14,099	14,099	14,099	14,099	14,099	14,099	14,099	14,099	14,099	14,099	14,099	17,971	173,060	183,588	194,409
Other Cash Flows/Payments by Type															
Capital assets	8,538	8,538	8,538	8,538	8,538	8,538	8,538	8,538	8,538	8,538	8,538	8,538	102,460	68,186	52,175
Total Cash Payments by Type	22,637	22,637	22,637	22,637	22,637	22,637	22,637	22,637	22,637	22,637	22,637	26,509	275,520	251,774	246,584
NET INCREASE/(DECREASE) IN CASH HELD	(3,732)	(3,732)	(3,732)	(3,732)	(3,732)	(3,732)	(3,732)	(3,732)	(3,732)	(3,732)	(3,732)	(7,604)	(48,657)	(19,031)	2,697
Cash/cash equivalents at the month/year begin:	90,953	87,221	83,489	79,757	76,025	72,293	68,560	64,828	61,096	57,364	53,632	49,900	90,953	42,296	23,266
Cash/cash equivalents at the month/year end:	87,221	83,489	79,757	76,025	72,293	68,560	64,828	61,096	57,364	53,632	49,900	42,296	42,296	23,266	25,963

2.46 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, there was one contract are awarded beyond the medium-term revenue and expenditure framework (three years) which is banking services.

2.47 Capital expenditure details

The following three tables present details of the municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 43 MBRR SA 34a - Capital expenditure on new assets by asset class

EC154 Port St Johns - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		28,248	45,081	37,778	86,420	88,195	88,195	77,327	64,377	48,168
Roads Infrastructure		28,248	45,081	22,025	36,705	36,705	36,705	34,345	36,116	38,664
Roads		28,248	45,081	22,025	36,705	36,705	36,705	34,345	36,116	38,664
Road Structures		–	–	–	–	–	–	–	–	–
Road Furniture		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	23,775	25,550	25,550	33,780	21,071	–
Drainage Collection		–	–	–	–	–	–	–	–	–
Storm water Conveyance		–	–	–	23,775	25,550	25,550	33,780	21,071	–
Attenuation		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	15,753	25,940	25,940	25,940	9,202	7,190	9,504
LV Networks		–	–	15,753	25,940	25,940	25,940	9,202	7,190	9,504
Capital Spares		–	–	–	–	–	–	–	–	–
Community Assets		–	133	–	–	–	–	2,468	2,601	2,742
Community Facilities		–	133	–	–	–	–	616	649	684
Cemeteries/Crematoria		–	133	–	–	–	–	300	316	333
Police		–	–	–	–	–	–	–	–	–
Parks		–	–	–	–	–	–	210	222	234
Public Open Space		–	–	–	–	–	–	105	111	117
Sport and Recreation Facilities		–	–	–	–	–	–	1,853	1,953	2,058
Indoor Facilities		–	–	–	–	–	–	–	–	–
Outdoor Facilities		–	–	–	–	–	–	1,853	1,953	2,058
Capital Spares		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	17,050	–	–
Non-revenue Generating		–	–	–	–	–	–	17,050	–	–
Improved Property		–	–	–	–	–	–	–	–	–
Unimproved Property		–	–	–	–	–	–	17,050	–	–
Other assets		2,564	6,717	5,496	1,900	58	58	–	–	–
Operational Buildings		2,564	6,717	5,496	1,900	58	58	–	–	–
Municipal Offices		2,564	6,717	5,496	1,900	58	58	–	–	–
Computer Equipment		–	–	–	273	–	–	700	738	778
Computer Equipment		–	–	–	273	–	–	700	738	778
Furniture and Office Equipment		–	–	–	305	944	944	103	108	114
Furniture and Office Equipment		–	–	–	305	944	944	103	108	114
Machinery and Equipment		–	–	–	4,837	8,235	8,235	4,812	362	374
Machinery and Equipment		–	–	–	4,837	8,235	8,235	4,812	362	374
Total Capital Expenditure on new assets	1	30,812	51,931	43,274	93,734	97,432	97,432	102,460	68,186	52,175

Table 44 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

In terms of the infrastructure Management Policy, there was no contract that were awarded on renewal of assets

EC154 Port St Johns - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		–	–	–	–	–	–	–	–	–
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Roads		–	–	–	–	–	–	–	–	–
Road Structures		–	–	–	–	–	–	–	–	–
Road Furniture		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Drainage Collection		–	–	–	–	–	–	–	–	–
Storm water Conveyance		–	–	–	–	–	–	–	–	–
Attenuation		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Power Plants		–	–	–	–	–	–	–	–	–
HV Substations		–	–	–	–	–	–	–	–	–
HV Switching Station		–	–	–	–	–	–	–	–	–
HV Transmission Conductors		–	–	–	–	–	–	–	–	–
MV Substations		–	–	–	–	–	–	–	–	–
MV Switching Stations		–	–	–	–	–	–	–	–	–
MV Networks		–	–	–	–	–	–	–	–	–
LV Networks		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Dams and Weirs		–	–	–	–	–	–	–	–	–
Boreholes		–	–	–	–	–	–	–	–	–
Reservoirs		–	–	–	–	–	–	–	–	–
Pump Stations		–	–	–	–	–	–	–	–	–
Water Treatment Works		–	–	–	–	–	–	–	–	–
Bulk Mains		–	–	–	–	–	–	–	–	–
Distribution		–	–	–	–	–	–	–	–	–
Distribution Points		–	–	–	–	–	–	–	–	–
PRV Stations		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Pump Station		–	–	–	–	–	–	–	–	–
Reticulation		–	–	–	–	–	–	–	–	–
Waste Water Treatment Works		–	–	–	–	–	–	–	–	–
Outfall Sewers		–	–	–	–	–	–	–	–	–
Toilet Facilities		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Landfill Sites		–	–	–	–	–	–	–	–	–
Waste Transfer Stations		–	–	–	–	–	–	–	–	–
Waste Processing Facilities		–	–	–	–	–	–	–	–	–
Waste Drop-off Points		–	–	–	–	–	–	–	–	–
Waste Separation Facilities		–	–	–	–	–	–	–	–	–
Electricity Generation Facilities		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Rail Lines		–	–	–	–	–	–	–	–	–
Rail Structures		–	–	–	–	–	–	–	–	–
Rail Furniture		–	–	–	–	–	–	–	–	–
Drainage Collection		–	–	–	–	–	–	–	–	–
Storm water Conveyance		–	–	–	–	–	–	–	–	–
Attenuation		–	–	–	–	–	–	–	–	–
MV Substations		–	–	–	–	–	–	–	–	–
LV Networks		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Sand Pumps		–	–	–	–	–	–	–	–	–
Piers		–	–	–	–	–	–	–	–	–
Revetments		–	–	–	–	–	–	–	–	–
Promenades		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Data Centres		–	–	–	–	–	–	–	–	–
Core Layers		–	–	–	–	–	–	–	–	–
Distribution Layers		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Total Capital Expenditure on renewal of existing	1	–	–	–	–	–	–	–	–	–

Table 45 MBRR SA34c - Repairs and maintenance expenditure by asset class

EC154 Port St Johns - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		–	704	–	4,250	–	–	6,723	7,086	7,469
Roads Infrastructure		–	684	–	4,250	–	–	6,313	6,654	7,013
Roads			684		4,250			6,313	6,654	7,013
Electrical Infrastructure		–	19	–	–	–	–	410	432	455
LV Networks			19					410	432	455
Capital Spares		–	–	–	–	–	–	–	–	–
Other assets		2,160	2,670	3,808	–	536	536	536	565	595
Operational Buildings		2,160	2,670	3,808	–	536	536	536	565	595
Municipal Offices		2,160	2,670	3,808		536	536	536	565	595
Furniture and Office Equipment		–	–	–	60	–	–	–	–	–
Furniture and Office Equipment					60					
Machinery and Equipment		–	–	–	1,531	3,053	3,053	–	–	–
Machinery and Equipment					1,531	3,053	3,053			
Transport Assets		–	–	–	–	–	–	1,916	2,019	2,129
Transport Assets								1,916	2,019	2,129
Total Repairs and Maintenance Expenditure	1	2,160	3,373	3,808	5,841	3,588	3,588	9,174	9,670	10,192

Table 46 MBRR SA35 - Future financial implications of the capital budget

EC154 Port St Johns - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	Ref	2019/20 Medium Term Revenue & Expenditure Framework			Forecasts			
R thousand		Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Present value
Capital expenditure	1							
Vote 1 - Executive and council		17,600	579	609				
Vote 2 - Budget and treasury Office		500	526	553				
Vote 3 - Community services		2,471	2,599	2,734				
Vote 4 - Corporate services		–	–	–				
Vote 5 - Planning and development		50	53	55				
Vote 6 - Enginnering services		81,839	64,430	48,223				
Vote 7 - 7(7)|7(7)		–	–	–				
Vote 8 - 8(8)|8(8)		–	–	–				
Vote 9 - 0		–	–	–				
Vote 10 - 0		–	–	–				
Vote 11 - 0		–	–	–				
Vote 12 - 0		–	–	–				
Vote 13 - 0		–	–	–				
Vote 14 - 0		–	–	–				
Vote 15 - 0		–	–	–				
List entity summary if applicable								
Total Capital Expenditure		102,460	68,186	52,175	–	–	–	–
Total future revenue		–	–	–	–	–	–	–
Net Financial Implications		102,460	68,186	52,175	–	–	–	–

Table 47 MBRR SA36 - Detailed capital budget per municipal vote

EC154 Port St Johns - Supporting Table SA36 Detailed capital budget

R thousand											2019/20 Medium Term Revenue & Expenditure Framework		
Function	Project Description	Type	MTSF Service Outcome	IUDF	Own Strategic Objectives	Asset Class	Asset Sub-Class	Ward Location	Audited Outcome 2017/18	Current Year 2018/19 Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Parent municipality:													
List all capital projects grouped by Function													
Construction of Access road	MIG-Gabelana to Noqhekwana access road	New	*Responsive, accountable, effective and efficient local government*	*Inclusion and access*	Adequate provision and maintenance of basic infrastructure services	*Roads Infrastructure*	*Roads*	10			3,500	3,689	3,881
Construction of Access road	MIG-Mjojeli access road	New		*Inclusion and access*		*Roads Infrastructure*	*Roads*	20			6,200	6,535	6,875
Construction of Access road	MIG-Luphaphasi access road	New		*Inclusion and access*		*Roads Infrastructure*	*Roads*	16			4,663	4,915	5,171
Construction of Access road	MIG-Bele access road	New		*Inclusion and access*		*Roads Infrastructure*	*Roads*	18			5,717	6,026	7,009
Construction of Access road	MIG-Thontsini to Gangatha access road	New		*Inclusion and access*		*Roads Infrastructure*	*Roads*	15			6,000	6,240	6,565
Electrification Programme	Electrification Programme - Bakaleni	New		*Inclusion and access*		*Electrical Infrastructure*	*LV Networks*				760	800	843
Electrification Programme	Electrification Programme- Dangwana	New		*Inclusion and access*		*Electrical Infrastructure*	*LV Networks*				2,660	2,798	2,949
Electrification Programme	Electrification Programme-Madakeni	New		*Inclusion and access*		*Electrical Infrastructure*	*LV Networks*				2,970	634	2,594
Electrification Programme	Electrification Programme-Makhumbathi	New		*Inclusion and access*		*Electrical Infrastructure*	*LV Networks*				760	800	843
Electrification Programme	Electrification Programme- Rhebu	New		*Inclusion and access*		*Electrical Infrastructure*	*LV Networks*				2,052	2,159	2,275
Small town revitalization	Small town revitalization	New	*Responsive, accountable, effective and efficient local government*	*Inclusion and access*	Adequate provision and maintenance of basic infrastructure services	*Storm water Infrastructure*	*Storm water Conveyance*	6		23,775	33,780	21,071	
Parent Capital expenditure									–	23,775	69,062	55,666	39,004

Table 48 MBRR SA37 - Projects delayed from previous financial year

EC154 Port St Johns - Supporting Table SA37 Projects delayed from previous financial year/s

R thousand									Previous target year to complete	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
Function	Project name	Type	MTSF Service Outcome	IUDF	Own Strategic Objectives	Asset Class	Asset Sub-Class	Ward Location		Original Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Parent municipality:														
List all capital projects grouped by Function														
Construction of Access road	MIG-Hotana acc	New	Responsive,	clusion and acces	Adequate	*Roads Infrastructure*	*Roads*	*8*	2019/20		4,596	496		
Construction of Access road	MIG-Mkhuzaza access road	New	accountable,	clusion and acces	provision and	*Roads Infrastructure*	*Roads*	*17*	2019/20		7,477	4,269		
Construction of Access road	MIG-Ntlenga access road	New	effective and	clusion and acces	maintenance of	*Roads Infrastructure*	*Roads*	*19*	2019/20		4,664	1,783		

2.48 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
   Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the municipality's website.

2. Internship programme
   The municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Of the five interns two has been appointed permanently from June 2017. The municipality has appointed five new interns from the 01 August 2018 for a period of two years.

3. Budget and Treasury Office
   The Budget and Treasury Office has been established in accordance with the MFMA, However there are critical posts that are vacant such as Chief financial officer as from August 2018.

4. Audit Committee
   An Audit Committee has been established and is fully functional. Municipality has also appointed new Audit committee members. The audit committee member are specializing on Financial management, Internal audit and performance management, currently looking for a person specializing on Legal.

5. Service Delivery and Implementation Plan
   The detail SDBIP document is at a draft stage and will be finalised after approval of the 2019/20 MTREF in May 2019 directly aligned and informed by the 2019/20 MTREF.

6. Annual Report
   Annual report is compiled in terms of the MFMA and National Treasury requirements.

2.49 Other supporting documents

Table 49 MBRR Table SA1 - Supporting detail to budgeted financial performance

EC154 Port St Johns - Supporting Table SA1 Supportinging detail to 'Budgeted Financial Performance'

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		6,741	7,986	8,754	10,520	10,520	10,520	10,520	11,067	11,665	12,295
less Revenue Foregone (exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)					2,104	4,104	4,104	4,104	2,213	2,329	2,450
Net Property Rates		6,741	7,986	8,754	8,416	6,416	6,416	6,416	8,854	9,336	9,845
Service charges - refuse revenue	6										
Total refuse removal revenue		756	804	863	1,000	1,000	1,000	1,000	1,052	1,109	1,169
Total landfill revenue		–	–	–	–	–	–	–	–	–	–
Net Service charges - refuse revenue		756	804	863	1,000	1,000	1,000	1,000	1,052	1,109	1,169
Other Revenue by source											
0		–	–	–	–	–	–	–	–	–	–
Other Revenue		562	5,956	767	19,631	19,638	19,638	19,638	20,659	21,775	22,951
Total 'Other' Revenue	1	562	5,956	767	19,631	19,638	19,638	19,638	20,659	21,775	22,951
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	50,266	59,208	71,289	53,094	52,478	52,478	52,478	41,300	43,984	46,843
Pension and UIF Contributions					9,856	9,332	9,332	9,332	22,461	23,921	25,476
Medical Aid Contributions					4,179	3,896	3,896	3,896	10,427	11,105	11,827
Overtime					571	(1,376)	(1,376)	(1,376)	–	–	–
Performance Bonus					1,497	2,994	2,994	2,994	4,924	5,244	5,585
Motor Vehicle Allowance					300	600	600	600	193	205	218
Cellphone Allowance					1,228	2,457	2,457	2,457	48	51	54
Housing Allowances					146	292	292	292	–	–	–
Other benefits and allowances					247	396	396	396	947	1,009	1,074
Payments in lieu of leave									–	–	–
Long service awards									–	–	–
Post-retirement benefit obligations	4				49	98	98	98	–	–	–
sub-total	5	50,266	59,208	71,289	71,166	71,166	71,166	71,166	80,300	85,519	91,078
Less: Employees costs capitalised to PPE		–	–	–	–	–	–	–	–	–	–
Total Employee related costs	1	50,266	59,208	71,289	71,166	71,166	71,166	71,166	80,300	85,519	91,078
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		27,637	26,357	31,302	41,712	42,910	42,910	42,910	43,516	45,778	48,159
Lease amortisation		–	–	–					365	384	404
Capital asset impairment		–	–	–	–	–	–	–	–	–	–
Depreciation resulting from revaluation of PPE	10	–	–	–	–	–	–	–	–	–	–
Total Depreciation & asset impairment	1	27,637	26,357	31,302	41,712	42,910	42,910	42,910	43,881	46,163	48,563
Transfers and grants											
Cash transfers and grants		–	–	–	8,469	11,469	11,469	11,469	8,909	9,372	9,878
Non-cash transfers and grants		–	–	–	–	–	–	–	–	–	–
Total transfers and grants	1	–	–	–	8,469	11,469	11,469	11,469	8,909	9,372	9,878
Contracted services											
Outsourced Services		–	–	–					1,730	1,820	1,918
Consultants and Professional Services		14,039	10,031	5,548	12,790	10,101	10,101	10,101	5,969	6,280	6,619
Contractors		–	–	–					150	158	166
sub-total	1	14,039	10,031	5,548	12,790	10,101	10,101	10,101	7,849	8,257	8,703
Allocations to organs of state:											
Electricity		–	–	–	–	–	–	–	–	–	–
Water		–	–	–	–	–	–	–	–	–	–
Sanitation		–	–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–	–
Total contracted services		14,039	10,031	5,548	12,790	10,101	10,101	10,101	7,849	8,257	8,703
Other Expenditure By Type											
Collection costs		–	–	–	–	–	–	–	–	–	–
Contributions to 'other' provisions		–	–	–	–	–	–	–	–	–	–
Consultant fees		–	–	–	–	–	–	–	–	–	–
Audit fees		–	–	–					5,954	6,264	6,602
General expenses	3	32,794	37,937	46,910	53,447	48,107	48,107	48,107	58,269	61,639	64,801
Total 'Other' Expenditure	1	32,794	37,937	46,910	53,447	48,107	48,107	48,107	64,223	67,903	71,404
Repairs and Maintenance	8										
Employee related costs		–	–	–	–	–	–	–	–	–	–
Other materials		–	–	–	–	–	–	–	–	–	–
Contracted Services		–	–	–	–	–	–	–	–	–	–
Other Expenditure		2,160	3,373	3,808	5,841	3,588	3,588	3,588	9,174	9,670	10,192
Total Repairs and Maintenance Expenditure	9	2,160	3,373	3,808	5,841	3,588	3,588	3,588	9,174	9,670	10,192

Table 50 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

EC154 Port St Johns - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description R thousand	Ref 1	Vote 1 - Executive and council	Vote 2 - Budget and treasury Office	Vote 3 - Community services	Vote 4 - Corporate services	Vote 5 - Planning and development	Vote 6 - Enginnering services	Vote 7 - 7(7)|7(7)	Vote 8 - 8(8)|8(8)	Vote 9 - 0	Vote 10 - 0	Vote 11 - 0	Vote 12 - 0
Revenue By Source													
Property rates			8,854										
Service charges - electricity revenue													
Service charges - water revenue													
Service charges - sanitation revenue													
Service charges - refuse revenue				1,052									
Rental of facilities and equipment			53										
Interest earned - external investments			4,208										
Interest earned - outstanding debtors			501										
Dividends received			–										
Fines, penalties and forfeits			221										
Licences and permits			74										
Agency services			–										
Other revenue			160,481										
Transfers and subsidies			20,659										
Gains on disposal of PPE			74										
Total Revenue (excluding capital transfers and cont		–	195,124	1,052	–	–	–	–	–	–	–	–	–
Expenditure By Type													
Employee related costs		14,349	11,559	27,350	12,269	3,512	11,261						
Remuneration of councillors		11,504											
Debt impairment			6,640										
Depreciation & asset impairment		4,629	6,640				32,612						
Finance charges			382										
Bulk purchases													
Other materials			90										
Contracted services			7,849										
Transfers and subsidies						8,909							
Other expenditure		18,326	14,781	5,674	6,330	4,435	14,677						
Loss on disposal of PPE													
Total Expenditure		48,807	47,942	33,024	18,599	16,856	58,550	–	–	–	–	–	–
Surplus/(Deficit)		(48,807)	147,182	(31,972)	(18,599)	(16,856)	(58,550)	–	–	–	–	–	–
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)							77,327						
Surplus/(Deficit) after capital transfers & contributions		(48,807)	147,182	(31,972)	(18,599)	(16,856)	18,777	–	–	–	–	–	–

Table 51 MBRR Table SA3 – Supporting detail to Statement of Financial Position

EC154 Port St Johns - Supporting Table SA3 Supportinging detail to 'Budgeted Financial Position'

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
ASSETS											
Call investment deposits											
Call deposits		34,340	44,241	55,905	36,820	36,820	36,820	36,820	–	–	–
Other current investments									–	–	–
Total Call investment deposits	2	34,340	44,241	55,905	36,820	36,820	36,820	36,820	–	–	–
Consumer debtors											
Consumer debtors		729	1,061	820	1,319	1,319	1,319	1,319	7,333	7,729	8,146
Less: Provision for debt impairment									(232)	(245)	(258)
Total Consumer debtors	2	729	1,061	820	1,319	1,319	1,319	1,319	7,101	7,484	7,888
Debt impairment provision											
Balance at the beginning of the year		–	–	–	–	–	–		–	–	–
Contributions to the provision		–	–	–	–	–	–	–	–	–	–
Bad debts written off		–	–	–	–	–	–	–	–	–	–
Balance at end of year		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		370,875	395,294	406,763	397,130	397,130	397,130	397,130	514,472	502,447	509,886
Leases recognised as PPE	3	–	–	–					–	–	–
Less: Accumulated depreciation		–	–	–					33,552	35,363	37,272
Total Property, plant and equipment (PPE)	2	370,875	395,294	406,763	397,130	397,130	397,130	397,130	480,920	467,084	472,614
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)		10,564	95	261	11,572	11,572	11,572	11,572	226	238	251
Current portion of long-term liabilities		–	–	–	–	–	–	–	–	–	–
Total Current liabilities - Borrowing		10,564	95	261	11,572	11,572	11,572	11,572	226	238	251
Trade and other payables											
Trade Payables	5	27,222	31,627	37,724	26,300	26,300	26,300	26,300	20,037	21,119	22,259
Other creditors		–	–	–	–	–	–	–	–	–	–
Unspent conditional transfers		–	–	–	–	–	–	–	–	–	–
VAT		–	–	–	–	–	–	–	–	–	–
Total Trade and other payables	2	27,222	31,627	37,724	26,300	26,300	26,300	26,300	20,037	21,119	22,259
Non current liabilities - Borrowing											
Borrowing	4	–	–	–	–	–	–	–	–	–	–
Finance leases (including PPP asset element)		1,926	1,952	2,239	2,104	2,104	2,104	2,104	2,146	2,261	2,384
Total Non current liabilities - Borrowing		1,926	1,952	2,239	2,104	2,104	2,104	2,104	2,146	2,261	2,384
Provisions - non-current											
Retirement benefits		6,993	7,408	7,781	7,364	7,364	7,364	7,364	7,781	8,201	8,644
List other major provision items											
0		–	–	–	–	–	–	–	–	–	–
0		–	–	–	–	–	–	–	–	–	–
Total Provisions - non-current		6,993	7,408	7,781	7,364	7,364	7,364	7,364	7,781	8,201	8,644
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		–	–	–	458,264	458,264	458,264	454,434	483,981	494,993	522,521
GRAP adjustments		–	–	–	–	–	–	–	–	–	–
Restated balance		–	–	–	458,264	458,264	458,264	454,434	483,981	494,993	522,521
Surplus/(Deficit)		20,459	48,409	15,031	43,323	45,294	45,294	45,294	49,725	30,954	13,587
Appropriations to Reserves		–	–	–	–	–	–	–	–	–	–
Transfers from Reserves		–	–	–	–	–	–	–	–	–	–
Depreciation offsets		–	–	–	–	–	–	–	–	–	–
Other adjustments		–	–	–					–	–	–
Accumulated Surplus/(Deficit)	1	20,459	48,409	15,031	501,587	503,558	503,558	499,729	533,706	525,947	536,108
Reserves											
Housing Development Fund		–	–	–	–	–	–	–	–	–	–
Capital replacement		–	–	–	–	–	–	–	–	–	–
Self-insurance		–	–	–	–	–	–	–	–	–	–
0		–	–	–	–	–	–	–	–	–	–
Revaluation		–	–	–	–	–	–	–	–	–	–
Total Reserves	2	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	20,459	48,409	15,031	501,587	503,558	503,558	499,729	533,706	525,947	536,108

Table 52 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

EC154 Port St Johns - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2015/16	2016/17	2017/18	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population		Statistics issued by StatsSA			156 136	156 136	156 136	156 136	156 136	156 136	156 136	156 136
Females aged 5 - 14					21	21	21	21	21	21	21	21
Males aged 5 - 14					22	22	22	22	22	22	22	22
Females aged 15 - 34					28	28	28	28	28	28	28	28
Males aged 15 - 34					25	25	25	25	25	25	25	25
Unemployment												
Monthly household income (no. of households)	1, 12											
No income						1,458	1,608	2,079	2,204	2,336	2,476	2,476
R1 - R1 600						1,906	2,045	4,502	4,772	5,058	5,362	5,362
R1 601 - R3 200						695	709	980	1,039	1,101	1,167	1,167
R3 201 - R6 400						14	10	16	17	18	19	19
R6 401 - R12 800						6	8	12	13	13	14	14
R12 801 - R25 600												
R25 601 - R51 200												
R52 201 - R102 400												
R102 401 - R204 800												
R204 801 - R409 600												
R409 601 - R819 200												
> R819 200												

Table 53 MBRR SA32 – List of external mechanisms

EC154 Port St Johns - Supporting Table SA32 List of external mechanisms

External mechanism Name of organisation	Yrs/ Mths	Period of agreement 1. Number	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2. R thousand

2.50 Municipal manager's quality certificate

I H.T Hlazo, Municipal manager of Port st Johns municipality, hereby certify that the Final annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name __ _____

Municipal manager of Port st Johns municipality (EC154)

Signature _____

Date _____